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Hidden Power

The Strategic Logic of Organized Crime. Sicily, New York and the Caribbean, 1859-1968, and Mexico and the Sahel.

Cockayne, James David Robert

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KING'S COLLEGE LONDON

Hidden Power:

The Strategic Logic of Organized Crime.

Sicily, New York and the Caribbean, 1859-1968,

and Mexico and the Sahel.

THESIS

submitted in partial satisfaction of the requirements for the degree of
DOCTOR OF PHILOSOPHY
in the Department of War Studies

by

James Cockayne

Student ID: 1018212

First Supervisor: Prof. Mats Berdal

Second Supervisor: Prof. Sir Lawrence Freedman

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For the two hidden powers behind this enterprise,
JMC and RAD.

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Abstract

Criminologists have long recognized that some groups govern criminal markets. Strategists and political scientists, however, downplay the role organized crime plays in domestic and international politics – though the United Nations Security Council, World Bank and White House have warned that role may be growing. The assumption has been that states and insurgents exist in a political 'upperworld' while organized crime exists in a separate, profit-driven 'underworld'. We consequently lack a framework for understanding the *strategic* logic of organized crime: how it uses force, and other means, to compete, cooperate and collaborate with states and other political organizations for governmental power.

This dissertation develops such a framework, drawing on strategic theory, criminology, and economic and management theory. It applies the framework to the emergence, development and movement of mafias in Sicily, New York, and the Caribbean between 1859 and 1968. Using unpublished judicial, intelligence and diplomatic material, mafia memoires, and published secondary sources, the dissertation reveals mafias becoming autonomous strategic actors in both domestic and international politics. They deliberately influenced elections, organized domestic insurgency and transnational armed attacks, attemped regime change, and formed governmental joint ventures with ruling groups. Mafias played important and unappreciated military and political roles during the Second World War, the Bay of Pigs and the Cuban Missile Crisis.

Based on this historical analysis, the dissertation identifies six ways criminal groups position themselves in the 'market for government'. These positioning strategies help explain the emergence and behaviours of mafias, warlords and gang rulers; political-criminal alliances; acts of terrorism by criminal groups; and criminal sponsorship of new political structures ('blue ocean' strategy). The final section applies these concepts to two contemporary cases – Mexico and the Sahel – and considers the overall implications for strategic theory, efforts to combat organized crime and the management of criminal spoilers in peace processes.

Acknowledgments

This little expedition would not have found its way ‘there and back’ without a diverse set of supporters. I owe them all great thanks. The navigation guidance from two advisers at King’s College London, Professor Mats Berdal and Professor Sir Lawrence Freedman, was central to my safe passage. Several bosses indulged and even encouraged my curiosity: at United Nations University, David Malone and Max Bond; at the Global Center for Cooperative Security, Alistair Millar. Throughout the journey, Sebastian von Einsiedel, and near its end, John de Boer, Louise Bosetti, and Sonja Litz, all steered me in productive directions. And a robust oral examination by Professor Christopher Coker and Dr Antonio Giustozzi also helped strengthen my presentation of the discoveries from the journey.

Staff at the New York Public Library, National Archives and Records Administration in College Park, Maryland, and the British National Archives, Kew provided considerable assistance. Lori Birrell and Melinda Wallington at the University of Rochester deserve particular thanks. The entire undertaking depended upon the financial support of a Continuation Scholarship, for which I owe deep thanks to the Faculty of Social Science and Public Policy at King’s College London.

A solo sailor also needs occasional visitors to his humble bark, to provide moral support and an intellectual puff in his sails. I am grateful for such impetus to the following, some of whom may not fully appreciate the stimulation they provided: Enrique Desmond Arias, Sara Batmanglich, Ivan Briscoe, Mike Dziedzic, Vanda Felbab-Brown, Stefan Feller, Mervyn Frost, Peter Gastrow, Jean-Marie Guéhenno, Alison Hawks, Camino Kavanagh, Walter Kemp, David Kennedy, David Kilcullen, Rachel Locke, Francesco Mancini, Zoe Mentel, Rob Muggah, Tuesday Reitano, Mark Shaw and Kimana Zulueta-Fülscher.

Were it not for two people in particular, however, I would long ago have given up on the whole expedition. My chief investor, JMC, gave me the means to set out in the first place, and the keel of faith that allowed me to hold my course. There was room for only one observer in the dinghy with me: it was the utter reliability, grace and good humour throughout the voyage of RAD that provided the wind in my sails. It is to those two hidden powers behind this enterprise that the result is dedicated.

'In this episode… the pressure of a hidden power was felt…'

Michele Pantaleone[1]

[1] Michele Pantaleone, *The Mafia and Politics* (London: Chatto and Windus, Ltd.: 1966), p. 190.

Part One: A Strategic Approach to Organized Crime

1. Introduction

'We have become a mafiya power on a world scale.'
Boris Yeltsin, President of the Russian Federation, 1993[2]

In 1999 a former CIA Director, Jim Woolsey, appeared before the Committee on Banking of the United States House of Representatives. 'If you should chance', explained Woolsey,

> to strike up a conversation with an articulate, English-speaking Russian in, say, the restaurant of one of the luxury hotels along Lake Geneva, and he is wearing a $3,000 suit and a pair of Gucci loafers, and he tells you that he is an executive of a Russian trading company and wants to talk to you about a joint venture, then there are four possibilities. He may be what he says he is. He may be a Russian intelligence officer working under commercial cover. He may be part of a Russian organized crime group. But the really interesting possibility is that he may be all three – and that none of those three institutions have any problem with the arrangement.[3]

Woolsey was warning that mafias, business and states were becoming difficult to tell apart.

According to Spanish prosecutors, over the ensuing decade several other former Soviet regimes likewise evolved into 'mafia states' in which organized crime groups worked 'as a complement to state structures', doing 'whatever the government… cannot acceptably do as a government', including trafficking arms, carrying out domestic assassinations, extortion, money laundering, drug trafficking, and controlling off-shore investments in strategic industries (including aluminium and energy).[4] By 2012, a leading observer of transnational organized crime, Moisés Naím, was warning of the risk of 'mafia states' emerging worldwide.[5] Other leading analysts including Misha Glenny, Douglas Farah and John T. Picarelli all raised similar concerns, highlighting the convergence of criminal, political and business

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[2] Quoted in Stephen Handelmann, *Comrade Criminal: The Theft of the Second Russian Revolution* (London: Joseph, 1994), p. 25.
[3] Quoted in Misha Glenny, *McMafia: A Journey through the Global Criminal Underworld* (London: The Bodley Head, 2008), pp. 110-111.
[4] 'US embassy cables: Russia is virtual "mafia state", says Spanish investigator', *The Guardian* (UK), 2 December 2010.
[5] Moisés Naím, 'Mafia States: Organized Crime Takes Office', *Foreign Affairs*, vol. 91, no. 3 (2012).

power in Latin America, Africa and Asia.[6]

Worldwide, we see signs of an apparent 'convergence' of organized criminal activity and instability. The North Korean government stands accused of participation in global counterfeiting and drug-running activities.[7] In the Middle East, organizations such as Hezbollah in Lebanon and Daesh (a.k.a. 'ISIS') in Syria and Iraq combine militancy, social service provision, localized governance and participation in a range of off-shore illicit activities with militant activity.[8] Armed groups in Afghanistan, Colombia, Mali and Myanmar have engaged in drug trafficking, sometimes with the connivance or even participation of state actors. In central Africa, the traffic in minerals and wildlife seems to fuel conflict.[9] In Somalia, organized piracy emerged a decade ago as a central factor in the country's political economy – and its complex politics and long-running civil war.[10] In the Sahel and North Africa, militant, terrorist and militia fortunes have been tied to dynamics in organized hostage markets and in drug, oil and cigarette smuggling.[11] In the Balkans, cigarette smuggling, organ trafficking, human trafficking and the trade in stolen cars have all been factors in the sub-region's recent bloody past and post-war politics.[12] And in Central America, skyrocketing homicide rates, the result of local actors' struggles to control the drug trade, human trafficking and extortion markets, have topped those of active war zones such as Afghanistan, Syria and South Sudan.

Global governance institutions such as the World Bank and UN Security

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[6] Glenny; Douglas Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security Priority* (Carlisle PA: U.S. Army War College, April 2012); Michael Miklaucic and Jacqueline Brewer, eds., *Convergence: Illicit Networks and National Security in the Age of Globalization* (Washington DC: National Defense University Press, 2013); John T. Picarelli, 'Osama bin Corleone? Vito the Jackal? Framing Threat Convergence Through an Examination of Transnational Organized Crime and International Terrorism', *Terrorism & Political Violence*, vol. 24 (2012), pp. 180-198. See also Naím, 'Mafia States', pp. 100-111.

[7] Sheena Chestnut, 'Illicit Activity and Proliferation: North Korean Smuggling Networks', *International Security*, vol. 32, no. 1 (Summer 2007), pp. 80-111.

[8] Matthew Levitt, *Hezbollah: The Global Footprint of Lebanon's Party of God* (London: Hurst, 2013).

[9] Katherine Lawson and Alex Vines, *Global Impacts of the Illegal Wildlife Trade: The Costs of Crime, Insecurity and Institutional Erosion* (London: Chatham House, February 2014).

[10] See David M. Anderson, 'The New Piracy: The Local Context', *Survival*, vol. 52, no. 1 (February-March 2010), pp. 44-51.

[11] Wolfram Lacher, 'Organized Crime and Conflict in the Sahel-Sahara Region' (Washington DC: Carnegie Endowment for International Peace, September 2012); Global Initiative Against Transnational Organized Crime, 'Illicit Trafficking and Instability in Mali: Past, Present and Future' (Geneva: GITOC, 2014); Mark Shaw and Fiona Mangan, *Illicit Trafficking and Libya's Transition: Profits and Losses*, Peaceworks No. 96 (Washington DC: US Institute of Peace, 2014).

[12] UNODC, *Crime and its Impact on the Balkans* (Vienna: UNODC, March 2008).

Council have in turn recognized that organized crime and political instability have become entwined.[13] This 'convergence' is now perceived as affecting the core interests of major powers such as the United States. The 2011 White House *Strategy to Combat Transnational Organized Crime* asserted that criminal networks

> threaten U.S. interests by forging alliances with corrupt elements of national governments and using the power and influence of those elements to further their criminal activities… to the detriment of the United States.[14]

What are the strategic implications of this apparent 'convergence' of political, military, business and criminal power? Some authors such as Naím and Farah argue that criminal power is now so ubiquitous and significant in the international system that it threatens to disrupt states' established ways of doing business. We may be entering, they imply, a dangerous 'era' of mafia states. How are strategic decision-makers to tell if the executive in his $3,000 suit and his Gucci loafers is a government spy, a businessman, a crook – or all three? And if we cannot tell them apart, how are we to prevent mafias, or other criminal groups, from abusing the privileges and powers of statehood, and to stop states from working with, or acting like, mafias? How will states trust each other? And how can they deal strategically with groups whose whole strategic approach is intended to keep their power – over governments, markets and civil society – hidden?

A 'strategic vacuum'

One simple and effective definition of 'criminal organizations' and 'criminal groups' is provided by sociologists Alan Block and Mary McIntosh: associations made up of individuals whose 'major occupational role is a criminal one, though they may have another nominal occupation as well'.[15] Political scientists and strategists have downplayed the possibility that criminals' other 'nominal occupations' might include those they study: politicians, governmental officials and strategic decision-

---

[13] World Bank, *Conflict, Security and Development: 2011 World Development Report* (Washington DC: World Bank, 2011); UN Security Council, Resolution 2195 (2014), 19 December 2014.
[14] President Barack Obama, *Strategy to Combat Transnational Organized Crime: Addressing Converging Threats to National Security*, (Washington DC: The White House, 19 July 2011).
[15] Alan Block, *East Side, West Side: Organizing Crime in New York 1930-1950* (New Brunswick, NJ: Transaction Publishers, 1983), p. 10; Mary McIntosh, 'New Directions in the Study of Criminal Organizations', in Herman Bianchi, Mario Simondi and Ian Taylor, eds., *Deviance and Control in Europe: Papers from the European Group for the Study of Deviance and Social Control* (London: Wiley, 1975), p. 147.

makers (including military commanders). Popular jokes about 'crooked politicians' aside, we tend to think of 'criminals' and 'government officials' as having distinct roles. Indeed, the humour in the jokes derives from upending that normal distinction.

The result, however, is no joke, but rather something of a blindspot – both theoretical and in terms of practical policy-making. Because criminal activity is studied by criminologists and political activity by political scientists, the close relationship between these activities – and what happens when individuals take on *both* criminal and political roles – has not been deeply or systematically studied. This is surprising, given that criminologists have long recognized that, like some legal businesses, some criminal organizations maximize their profits through regulatory capture.[16] Roy Godson, long-time editor of *Trends in Organized Crime*, goes further, suggesting that regulatory capture may be critical to criminal success:

> in most cases where a crime group has endured and prospered – whether in a democracy or an authoritarian regime – the criminals have reached some type of accommodation with political authorities.[17]

Another scholar, Michael Kenney, likewise concludes that '[t]he ability of criminals to survive hostile law enforcement often depends on their access to political power.'[18] But the *strategic* implications of this criminal access to and accommodation with political actors, both for the criminal actors themselves, and especially for states and other political organizations, have received limited attention. A rich literature explores how criminal groups match means (especially violence and corruption) in specific ways to dominate other *criminal* groups. But the possibility that criminal groups might also act strategically (matching means, including violence, into ways to achieve defined strategic ends) in order to maximize *governmental* power – the power to set norms, resolve disputes and allocate resources – has been comparatively neglected.

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[16] On regulatory capture see Samuel P. Huntington, 'The Marasmus of the ICC: The Commission, the Railroads, and the Public Interest', *Yale Law Journal*, vol. 614 (1952), pp. 467-509; for extension of the concept to transition processes, see Joel S. Hellman and Daniel Kaufmann, 'Confronting the Challenge of State Capture in Transition Economies', *Finance & Development*, vol. 38, no. 3 (2001), pp. 31-35.

[17] Roy Godson, 'The Political-Criminal Nexus and Global Security', in Roy Godson, ed., *Menace to society: political-criminal collaboration around the world* (New Brunswick/London: Transaction Publishers, 2003), p. 4.

[18] Michael Kenney, 'Turning to the "Dark Side": Coordination, Exchange, and Learning in Criminal Networks', in Miles Kahler, ed., *Networked Politics: Agency, Power, and Governance* (Ithaca NY: Cornell University Press, 2009), p. 82.

Recent attempts to describe the penetration of national government by organized crime at times have struggled to illuminate the dynamics of this interaction. Bunker and Bunker, for example, define 'criminal-states' to include such diverse phenomena as 'jihadi insurgency', state failure, criminal takeover of the state, and oligarchic regimes.[19] The notion of 'criminal sovereignty' in the so-called 'parapolitics' literature treats economically motivated crime and other types of 'subversion of the formal political process' all together.[20] Michael Miklaucic and Moisés Naím more helpfully describe a spectrum of criminal influence ranging from 'criminal penetration' to 'criminal infiltration' to 'criminal capture' and ultimately the 'criminal sovereign', in which 'the apparatus of the state itself [is] engaged directly in criminal activity as a matter of policy'.[21] But this taxonomy describes the results of the interaction between criminal organizations and political actors, rather than the dynamics of that interaction. Doug Farah perhaps comes closest to offering such a dynamic model with his concept of 'criminalized states,' which he defines as those where the senior leadership is involved in organized crime, 'levers of state power' are 'incorporated into the operational structure' of organized crime, and organized crime is 'used as an instrument of statecraft'.[22]

But even this framework begs the question: what drives the development of such an arrangement in the first place? The danger is, as the thoughtful American scholar-practitioner Robert J. Bunker has put it, that '[t]he creation of governmental policy [on organized crime] … exists in a "strategic vacuum"'.[23] We lack understanding of what drives the strategic interaction between governments and criminal groups – especially on the international level. If there is a 'strategic logic' to organized crime, as there is to suicide terrorism, it has to date largely been

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[19] Robert J. Bunker and Pamela L. Bunker, 'Defining Criminal-states', in Robert J. Bunker, ed., *Criminal-States and Criminal-Soldiers* (Abingdon: Routledge, 2008), pp. 37-50.
[20] Robert Cribb, 'Introduction: Parapolitics, Shadow Governance and Criminal Sovereignty', in Eric Wilson, ed., *Government of the Shadows: Parapolitics and Criminal Sovereignty* (London/New York: Pluto Press, 2009), p. 8.
[21] Michael Miklaucic and Moisés Naím, 'The Criminal State' in Miklaucic and Brewer, p. 149.
[22] Farah, *Transnational Organized Crime*, p. 6.
[23] Robert J. Bunker, 'Criminal (Cartel & Gang) Insurgencies in Mexico and the Americas: What you need to know, not what you want to hear', Testimony before the U.S. House of Representatives, House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, 13 September 2011, at http://archives.republicans.foreignaffairs.house.gov/112/bun091311.pdf, accessed 14 March 2015.

overlooked.[24] Or even denied: in a recent Canadian-government funded study, Carlo Morselli and colleagues argue that criminal organizations are not strategic actors that deliberately seek out and exploit markets in foreign locations.[25] The evidence presented in this dissertation challenges that conclusion.

About this dissertation

This dissertation aims to begin filling this gap in evidence and knowledge by considering the strategic logic by which criminal groups – especially the Sicilian and American mafias – have competed, cooperated and collaborated with sovereign states and other political organizations, and moved from one state to another. Two startling conclusions emerge from the evidence. First, some organized criminal groups – and not only states – make war. Recognition of this fact will have major implications for how we understand and seek to manage conflict worldwide. Second, the 'convergence' that we see around us may not be so new as we think – but rather an acceleration or intensification of long-standing patterns of interaction between states and organized crime. Although we may have forgotten it, this dissertation reveals that states have a long, complex history of competition – and collaboration – with strategic criminal actors. Rememberging that history may better equip us to deal with the inter-mingling of politics, war and crime that we see around the world today.

Part One considers whether and how organized crime might be brought within the framework of strategic theory. Chapter 2 considers the threshold question of whether it makes sense to treat any criminal groups as acting according to a 'strategic' logic. The orthodox view among strategic theorists and political scientists has been that criminal activity does *not* follow a strategic logic. First, because it is not 'logical' but rather irrational; or, if it is rational, it is disorganized. And second, because criminal logic is not a 'strategic' one in the sense relevant to politics, war and international affairs, since organized crime pursues profit, not power. Chapter 2 argues that this traditional approach fails to appreciate how the

[24] See Robert A. Pape, *Dying to Win: The Strategic Logic of Suicide Terrorism* (New York: Random House, 2006).
[25] Carlo Morselli, Mathilde Turcotte and Valentina Tenti, 'The Mobility of Criminal Groups', Report No. 004, 2010, Public Safety Canada, Ottawa, 2010, p. 6.

pursuit of governmental power shapes some criminal choice, organization, culture, and impact. Drawing on criminology, strategic theory, economic analysis and the business management literature, Chapter 2 develops a framework for understanding how some criminal groups develop governmental power in pursuit of the goal of maximizing criminal rents. 'Criminal rents' are the value beyond the costs of production that can be extracted from a good or service the supply of which has been criminalized by one or more states, or that can be extracted from legal goods and services by criminal means.[26] Chapter 2 describes the capabilities that a criminal organization must develop to succeed in a competitive strategic environment – coercion, corruption and communications – and explores how these are effectively organized to extract these rents. Different criminal rents require the organization of different capabilities. Taxing trafficking passing through a territory, for example, may require a different combination of coercion, corruption and communications capabilities than does extortion of legitimate and illegitimate business operating within that territory. As a result, criminal groups adopt a variety of approaches to governmental power in order to maximize different criminal rents. What distinguishes all criminal strategy, however, is that it seeks to maximize governmental power without taking on the formal responsibilities of political rule. Criminal power is a hidden power.

Part Two of the thesis tests this analytical framework against historical evidence relating to the Sicilian and American mafias. As Phil Williams has noted, a strategic perspective needs to understand the longer-term evolution of criminal markets and groups, and look beyond the short-term impact of law enforcement activities.[27] This, in turn, requires understanding the strategic choices open to and made by the actors in question. As Raymond Aron observed, strategic thought 'draws its inspiration… at each moment of history from the problems which events

---

[26] See Thomas Schelling, 'What is the Business of Organized Crime?', *J. Pub. Law*, vol. 20, no. 1 (1970), pp. 71-84; Jean Cartier-Bresson, 'État, Marchés, Réseaux et Organisations Criminelles Entrepreneuriales', Paper presented at the Colloquium on 'Criminalité Organisée et Ordre dans la Societé', Aix-en-Provence, 5-7 June 1996 (Aix-en-Provence: Aix-Marseille University Press, 1997); Gianluca Fiorentini and Sam Peltzman, 'Introduction', in Fiorentini and Peltzman, eds., *The Economics of Organized Crime* (Cambridge: Cambridge University Press, 1995/1997), pp. 1-30; and R.T. Naylor, *Wages of Crime: Black Markets, Illegal Finance, and the Underworld Economy* (Ithaca and London: Cornell University Press, 2004, revd ed.), p. 15.

[27] Phil Williams, 'Organizing Transnational Crime: Networks, Markets and Hierarchies', in Phil Williams and Dimitri Vlassis, eds., *Combating Transnational Crime: Concepts, Activities and Responses* (London/Portland OR: Frank Cass), p. 84.

themselves pose'; it is only through a study of specific historical episodes that we can understand how strategic actors have understood what they were doing and sought to shape their environments, and how a specific strategic approach or culture has shaped an organization's conduct.[28] Chapters 3 to 8 therefore test the analytical framework developed in Part One against a series of inter-linked historical episodes involving interaction between criminal groups and political actors over more than a century (1859-1968) and in three separate, but linked, operational environments – Sicily, New York City and the Caribbean.

While many of these episodes have previously been studied by mafia historians this dissertation breaks new ground in three ways. First, in many of the episodes, it draws on primary material – declassified government files and rare insider accounts by criminal and political actors – that has to date been entirely or largely overlooked by scholars. Second, rather than just recounting the history of each episode, the analysis focuses on understanding and tracking the strategic thinking of actors involved in organized crime. And third, by looking at these episodes in juxtaposition, it is able to identify long-term development in the strategic thinking of the Sicilian and American mafias.

The long time-scope of the episodes studied allows the application of the analytical framework developed in Part One in a wide array of political and economic contexts: agrarian, developing and industrialized economies; rural and urban social settings; during and after Prohibition; and against the backdrop of several wars. The episodes reveal organizations shifting both from criminal to political strategy and in the opposite direction; periods of mafia 'war', peacemaking and constitutional reform; shifts from accommodation to confrontation with a state; resort to domestic insurgency and transnational terrorism; and mafia 'migration' both through diasporization and cultural transplantation and through more deliberate relocation to new foreign markets.[29] We see political organizations allying with mafias in Sicily, New York, Cuba and The Bahamas, and 'joint venture' government at both the municipal and national level. We see mafias backing regime change and constitutional reform both by force (in Sicily, Cuba and Haiti), and

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[28] Raymond Aron, 'The Evolution of Modern Strategic Thought', *Adelphi Papers*, vol. 9, issue 4, Special Issue: Problems of Modern Strategy: Part I (1969), p. 7.
[29] Compare Federico Varese, *Mafias on the move: how organized crime conquers new territories* (Princeton NJ: Princeton University Press, 2011).

through the ballot box (in the Bahamas). Perhaps most astonishingly, given the US government's recent warnings about the dangers posed by political-criminal collaboration, the study also reveals multiple episodes of extended collaboration between the American Mob and the US government, for the purposes of domestic espionage, management of the labour movement, foreign assassination, invasion, occupation, transnational 'terror' attacks and attempted regime change.

Part Three of the dissertation draws on the evidence presented in Part Two to consider the resulting theoretical and policy implications. As Alexander George and Andrew Bennett note, one of the benefits of a case study approach is that it serves 'the heuristic purpose of inductively identifying additional variables and generating hypotheses'.[30] Drawing on the episodes in Part Two, Chapter 9 identifies six ideal-type strategies by which groups seeking to maximize criminal rents 'position' themselves in a 'market for government'. In this market for government, individuals and communities consume governmental services and the normative order attached to them ('governmentality'); states, insurgents, criminal groups and others are the providers.

The first three ideal-types of criminal positioning involve the kinds of accommodation between state and criminal groups that might be covered by a catch-all term like 'mafia state', but this analysis provides a more nuanced framework for understanding the different strategic configurations between criminal actors, state authorities and other political organizations. The first – *intermediation* strategy – involves brokering between the state and enclave markets or communities in which the criminal group enjoys governmental power. This is the classical mafia strategy, based on jurisdictional sharing of the market for government with the state. The second, involving adopting a posture of criminal *autonomy*, requires limited territorial separation sustained by military force, and offering local control of criminal markets. This is classically the strategy of warlords and local gang rulers. The third, the *merger* strategy, sees criminal and political actors collaborating to develop and use governmental power, through vertical integration of capabilities. It generates 'joint ventures'.

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[30] Alexander B. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge MA: MIT Press, 2005), p. 45.

Three other positioning strategies arise in the context of confrontation between states (or other political organizations) and criminal rivals in the market for government. The fourth involves strategic political-criminal *alliances* against third parties. The fifth involves the criminal group coercing another kind of 'third party', the public, in order indirectly to induce a change in state policy. This is *terrorism* as criminal strategy. And finally, a criminal group may seek to relocate within the market for government by changing the market's formal political structure – altering a state's constitution, or sponsoring state secession – in order to maximize its own governmental power. Because this involves moving from a part of the market that is crowded with rivals and running red with their blood to a new arrangement with less formal governmental competition, following business management literature this is described as criminal *blue ocean* strategy.

Chapter 10 briefly considers how these positioning strategies may be playing out in two contemporary, highly violent 'markets for government': Mexico and the Sahel. This leads to the conclusion that entrepreneurial armed groups are using illicit transnational flows to innovate new business-models in the market for government, and in the process disrupting the dominance of sovereignty as a business model for government. In turn, hybrid approaches to government are emerging, including some combining elements of criminal governmentality with terrorist methods, and others combining statecraft with methods similar to those of organized crime. The dissertation closes with reflections on what an improved understanding of the strategic logic of organized crime and its emerging role in the market for government may mean for strategic and international relations theory, practical efforts to combat organized crime, and spoiler management in peace and transition processes.

Entering a gallery of mirrors

The investigation of organized criminal activity is notoriously difficult.[31] Criminals are a secretive bunch, and it can be somewhat risky to stick your nose in their business. Rumour abounds, making much existing data unreliable and corroboration

[31] Robert Mandel, *Dark Logic: Transnational Criminal Tactics and Global Security* (Stanford CA: Stanford Security Studies, 2011), pp. 7-9.

challenging. Government sources have reasons to distort criminal activity, whether to demonize it or to hide corruption and complicity.[32] One noted mafia historian describes over-reliance on state sources as entering a 'gallery of mirrors'.[33] Reliance on criminal sources poses its own problems. Leading mafia historian John Dickie calls '[c]ommunications within the mafia… whispers in a labyrinth'.[34] As the mafia *pentito* (literally, 'repentant' – i.e. state's witness) Tommaso Buscetta put it, criminal groups deliberately 'fragment' information, discouraging 'anyone from knowing the full facts', creating 'obstacles to the circulation of information'.[35] As the reporter Hickman Powell noted in 1939, when researching organized crime, 'the partial facts come to the surface only now and then, like brief glimpses of a sea monster too fabulous for belief'.[36] And sometimes disbelief is entirely warranted. The stories told by criminals are often self-serving.[37] Robert Lacey, the preeminent biographer of the Mob leader Meyer Lansky, points out that many criminals 'are fantasists... It is the character flaw that first drew them to that world.'[38] Moreover, the mystery, violence and power of organized crime makes it a subject that tends – as the late British historian Eric Hobsbawm noted – to attract 'sensational gossip, as pears attract wasps'.[39]

Yet the challenges facing the organized crime historian differ more in degree than kind from those facing 'regular' historians. Which historical source is not, in some way, partial and self-serving? This dissertation seeks to address the serious investigative challenges posed by the subject-matter by using multiple independent sources to develop an understanding of actors' strategic choices to resort to criminal methods and activity. This requires understanding how these

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[32] Jean-Louis Briquet, 'Organized crime, politics and the judiciary in post-war Italy', in Felia Allum and Renate Siebert, eds., *Organized Crime and the Challenge to Democracy* (Abingdon: Routledge, 2003), pp. 188-201.
[33] Salvatore Lupo, *History of the Mafia*, tr. Antony Shugaar (New York: Columbia University Press, 2009), pp. 18-19.
[34] John Dickie, *Mafia Republic* (London: Sceptre, 2013), p. 133.
[35] Pino Arlacchi, *Addio Cosa Nostra: La Vita di Tommaso Buscetta* (Milan: Rizzoli, 1994), pp. 84-85. Author's translation.
[36] Hickman Powell, *Lucky Luciano: The Man Who Organized Crime in America* (New York: Barnes & Noble, 1939/2006), p. xxiv.
[37] Cesare Mattina, 'The transformations of the contemporary mafia: a perspective review of the literature on mafia phenomena in the context of the internationalisation of the capitalist economy', *International Social Science Journal*, vol. 62, issue 203-204 (2011), pp. 241-242.
[38] Robert Lacey, *Little Man: Meyer Lansky and the Gangster Life* (Boston: Little Brown & Co., 1991), p. 312.
[39] Eric Hobsbawm, *Primitive Rebels* (Manchester: The University Press, 1959), pp. 9-10.

actors defined their goals, the resources available to them, and the constraints they faced in mobilizing and deploying those resources to achieve their goals. It requires attention to the dialectic process of adjustment between means and ends undertaken by the actors studied, and their responses to shifting strategic circumstances. The aim of the episodic case-study approach, as neatly summarized by Lawrence Freedman, is not the development of a 'general theory' *per se*, but rather to: a) add to our understanding of the cases in question; and b) add to our understanding of how strategic choices present themselves to policy makers (in this case criminal and political leaders) and why and how strategic choices are made.[40]

Insider accounts provide unique insights into these choices and understandings, and English and to a lesser degree Italian-language insider accounts provide a major source for the analysis in both Parts One and Two.[41] A full list of the sources relied upon is provided in the Bibliography. The chapters in Part Two also begin with brief notes on the provenance, strengths and limitations of major sources used. The most important insider accounts dealt with include memoires by mafia leaders such as Joseph Bonanno and the rarely-used memoire of Nicola Gentile, both particularly useful in understanding the relationship between the Sicilian mafia and the New York Mob, and the Castellammarese War within the New York underworld studied in Chapter 4.[42] Other significant insider accounts are found in reported interviews with leadership figures such as Lucky Luciano,[43] Meyer Lansky,[44] the gangster lawyer Dixie Davis,[45] and the Mob soldier Joe Valachi.[46]

These insider accounts are corroborated through a variety of police, judicial

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[40] Freedman, *Deterrence*, p. 45.
[41] See generally Thomas A. Firestone, 'Mafia Memoirs: What They Tell Us About Organized Crime', *J. Contemporary Criminal Justice*, vol. 9, no. 3 (August 1993), pp. 197-220.
[42] Joseph Bonanno, *A Man of Honour* (London: Andre Deutsch, 1983); Nick Gentile, *Vita di Capomafia* (Rome: Editori Riuniti, 1963).
[43] Martin Gosch and Richard Hammer, *The Last Testament of Lucky Luciano* (London: Macmillan London Limited, 1975).
[44] Lacey; Dennis Eisenberg, Uri Dan and Eli Lanau, *Meyer Lansky: Mogul of the Mob* (New York: Paddington Press, 1979); Gary Cohen, 'The Lost Journals of Meyer Lansky', in *American Mafia*, January 2006, at http://www.americanmafia.com/Feature_Articles_331.html, accessed 14 March 2015.
[45] J. Richard Davis, 'Things I Couldn't Tell till Now', *Collier's*: Part I, 22 July 1939, pp. 9-10, 38, 40-42; Part II, 29 July 1939, pp. 21, 37-38, 40; Part III, 5 August 1939, pp. 12-13, 43-44; Part IV, 12 August 1939, pp. 16-17, 29-30; Part V, 19 August 1939, pp. 12-13, 34-38; Part VI, 26 August 1939, pp. 18-19, 35, 38.
[46] Peter Maas, *The Valachi Papers* (New York: Perennial, 1968/2003).

and parliamentary proceedings (again, in both English and Italian). Some of this archival material reveals additional insider testimony; wherever possible, transcripts of actual testimony – rather than official summaries – have been consulted. Examples of such sources used in Part Two include US State and Federal investigations into governmental corruption,[47] organized crime,[48] the waterfront,[49] racketeering,[50] and the assassination of John F. Kennedy.[51] One unique source underpinning Chapter 5, the examination of collaboration between the Mob and the US Navy during World War Two, is the material contained in the Thomas E. Dewey archive at the University of Rochester Library in up-state New York, relating to a 1954 judicial investigation led by William B. Herlands, some of which has never previously been publicly referenced.[52]

Declassified intelligence analysis and diplomatic correspondence has also proven invaluable. One such source is the FBI's 'Mafia Monograph', written in 1958 after J. Edgar Hoover was forced – by the arrest of over 60 Mob figures at once in Apalachin, New York – to acknowledge the existence of the Mob. This unique monograph draws not only on extensive US government sources but also

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[47] Supreme Court of New York, Appellate Division, First Judicial Department, *In the Matter of the Investigation of the Magistrates' Court, Final Report of Samuel Seabury, Referee*, New York, 28 March 1932.

[48] President's Commission on Law Enforcement and the Administration of Justice, *Task Force Report: Organized Crime. Annotations and Consultants' Papers* (Washington DC: Government Printing Office, 1967); U.S. Senate, Committee on Government Operations, Permanent Subcommittee on Investigations, *Organized Crime and Illicit Traffic in Narcotics* ('McClellan Hearings') (Washington DC: U.S. Government Printing Office, 1964); U.S. Senate, Special Committee to Investigate Organized Crime in Interstate Commerce ('Kefauver Committee') *The Kefauver Committee Report on Organized Crime* (New York: Didier, 1951); Kefauver Committee, Hearings, 81st Congress, 1st Session (Washington DC: US Government Printing Office, 1951).

[49] New York State Crime Commission, 'Interim Report of Evidence Adduced by the State Crime Commission Relating to Six Brooklyn Locals of the International Longshoremen's Association: Confidential', September 1952, in CURBML.

[50] U.S. Senate, Select Committee on Improper Activities in the Labor or Management Field ('McClellan Committee 1958') *Investigation of Improper Activities in the Labor or Management Field* (Washington DC: Government Printing Office, 1958).

[51] President's Commission on the Assassination of President John F. Kennedy, *Report* ('*President's Commission Report*') (Washington DC: US Government Printing Office, 1964); U.S. House of Representatives, Select Committee on Assassinations, *Final Assassination Plots Report*, 95th Congress, 2nd Session (Washington DC: Government Printing Office, 1979) (henceforth '*Final Assassination Plots Report*', referring to Vol. V unless otherwise stated); U.S. House of Representatives, Select Committee on Assassinations, *Hearings*, 95th Congress, 2nd Session (Washington DC: Government Printing Office, 1979).

[52] Thomas E. Dewey archive, University of Rochester Library, New York, Series 13, Boxes 11-17. This includes the transcripts of testimony by 57 witnesses, running to 2,883 pages of evidence, and a 101-page analytical report. On earlier treatments of this material, see the beginning of Chapter 5 of this dissertation.

detailed Italian government sources (now believed lost) and US informant testimony.[53] Other key governmental sources drawn on in Part Two include unpublished US, British and Italian government correspondence relating to Sicily and Cuba, much of it found in the British National Archives in Kew and the US National Archives and Records Administration (primarily in College Park, Maryland).

Why does criminal strategy matter?

The central, compelling reason for understanding the strategic logic of organized crime is simply that it may strengthen efforts to combat it.

Even those contemporary state strategies for combating organized crime that do contemplate the possibility that criminal groups may work with and within political institutions, such as the recent White House National Strategy, are vague in their treatment of criminal groups' strategies.[54] The same is true of much academic analysis: as Southerland and Potter have recognized, most studies of organized crime focus on 'the structural dimensions and their determinants without attending to theory of organizational behavior'.[55] If we take seriously the call by the eminent strategist Hew Strachan for 'strategy' to be something more than 'policy', for it to anticipate spoiling behaviour and be capable of adjustment to deal with changing circumstances, then we must take seriously the possibility that our adversaries – whether we label them 'criminal' or 'political' – are themselves strategic, and not just the playthings of structural forces.[56] Yet much contemporary analysis treats organized crime just that way. For example recent analysis by Morselli, Turcotte and Tenti on the mobility of criminal groups treats criminal actors as passive objects subject to 'push and pull' factors, rather than recognizing their capacity also to shape those forces. 'Setting', they state explicitly, 'matters more than the group itself.'[57]

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[53] FBI, '*Mafia Monograph*', July 1958, in FBI Vault.
[54] Obama.
[55] M.D. Southerland and G.W. Potter, 'Applying Organization Theory to Organized Crime', *J. Contemporary Criminal Justice*, vol. 9, no. 3 (1993), p. 251.
[56] Hew Strachan, 'The Lost Meaning of Strategy', *Survival,* vol. 47, no. 3 (2005), pp. 33-54.
[57] Morselli et al., 'The Mobility' (2010), p. 6.

The label 'organized crime' itself also works at times against strategic thinking on the part of states, creating a knee-jerk preference for coercive responses. As Lawrence Freedman says of 'terrorism', the presentation of organized crime

> as inherently illicit and immoral conduct ensures that it is put in a separate category to other forms of action and so is subject to different considerations to those that normally govern political affairs or even most types of military operations. This encourages an a-strategic view.[58]

As the leading scholar on warlordism and organized crime in contemporary Afghan politics Antonio Giustozzi notes, it is counter-productive simply to write off some actors as 'criminal', irrational or atavistic. A more effective approach would require policy-makers to develop an improved understanding of these actors' political and economic strategies.[59] The Sicilian anti-mafia magistrate, Giovanni Falcone, recognized this during his struggle with the mafia in the early 1990s. Falcone argued that 'different strategies' were needed 'according to the type of Mafia one is dealing with', and that to determine that, we must not demonize the mafia, but rather understand it. Mafiosi, he argued,

> are not … the Devil… They are men like us… if we want to fight the Mafia organisation efficiently, we must not transform it into a monster… We must recognize that it resembles us.[60]

The Sicilian mafia, however, did not wish to be understood, because to be understood meant to be demystified, and to have the sources of their power revealed. They preferred to stay hidden, mounting a sustained campaign of terrorist bombings, targeting politicians, judges, a Roman church and even the Uffizi Gallery in Florence to try to terrorize the population and the state back into silent accommodation of mafia power. On 23 May 1992, Falcone himself died when the mafia exploded a huge bomb under his convoy outside Palermo.

Episodes such as this generated an increasingly loud post-Cold War drumbeat of warnings from security scholars that criminal actors were gaining power and influence within the international system.[61] Roy Godson, Phil Williams

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[58] Lawrence Freedman, 'Terrorism as a Strategy', *Government & Opposition,* vol. 42 (2007), p. 315.
[59] Antonio Giustozzi, 'The Debate on Warlordism: The Importance of Military Legitimacy', Crisis States Discussion Paper 13 (London: Crisis States Research Centre, October 2005), p. 7.
[60] Giovanni Falcone, *Men of Honour: The Truth about the Mafia* (London: Warner Books, 1992), pp. 70, 100.
[61] See Phil Williams, 'Transnational Criminal Organisations and International Security', *Survival,* vol. 36, no. 1 (1994), pp. 96-113; Mats Berdal and Mónica Serrano, 'Introduction', in Mats Berdal

and Susan Strange all warned that organized crime may be corroding state capacity and the state system.[62] Martin van Creveld forecast that 'the state will lose its monopoly over … organized violence', with security becoming a 'capitalist enterprise', a private good sold in a global market, rather than a public good supplied by states.[63] Some have linked this notionally increased criminal power to globalization and market liberalization.[64] Others suggest, however, that transnational organized crime and terrorism are convenient bogeymen conjured by the West to replace the communist threat.[65] As the eminent strategist Lawrence Freedman has noted, transnational non-state armed groups have loomed large for a 'hyper-power without a military peer among states' that has nonetheless 'turned out to be unexpectedly vulnerable to a murky underworld of gangsters and terrorists.'[66] But Freedman himself points out the need to accommodate a wide range of strategic actors within our frameworks for analysing contemporary affairs. As Freedman notes,

> theory need[s] to consider the employment of strategic threats by any politically conscious collectivity for a great variety of potential purposes, and not just by states...[67]

Should this include some organized crime groups? Strategic competition between criminal groups that have taken on governmental roles – setting norms, resolving disputes, and allocating resources – can become just as totalizing as Clausewitz explained war can be.[68] As Roberto Saviano, an Italian public intellectual who grew up amongst the Camorra, the dominant organized crime group in Naples, put it:

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and Mónica Serrano, eds., *Transnational Organized Crime and International Security: Business as Usual?* (Boulder CO: Lynne Rienner, 2002), pp. 1-9.

[62] Roy Godson and Phil Williams, 'Strengthening Cooperation against Transnational Crime: a New Security Imperative', in Phil Williams and Dimitri Vlassis, eds., *Combating Transnational Crime: Concepts, Activities and Responses* (London/Portland OR: Frank Cass, 1998), p. 324; Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (New York: Cambridge University Press, 1996), p. 121.

[63] Martin Van Creveld, *The rise and decline of the state* (Cambridge: Cambridge University Press, 1999), p. 407.

[64] H. R. Friman, 'Crime and Globalization', in H. R. Friman ed., *Crime and the Global Political Economy* (Boulder CO: Lynne Rienner, 2009), pp. 1-19; Michael Levi, 'Liberalization and Transnational Financial Crime', in Berdal and Serrano, pp. 53-66.

[65] R.T. Naylor, 'From Cold War to Crime War: The Search for a New National Security Threat', *Transnational Organized Crime*, vol. 1 (1995), pp. 37-56.

[66] Lawrence Freedman, *Deterrence* (Cambridge: Polity Press, 2004), p. 83.

[67] *Ibid.*, pp. 110-111.

[68] Carl von Clausewitz, *On War*, eds./trans. Michael Howard and Peter Paret (Princeton NJ: Princeton University Press, 1976, revd 1984).

> When the armies take to the streets, it is impossible to move according to any other dynamic than their strategy; it is they who decide meaning, motives, causes.[69]

Here is a Sicilian *pentito*, a repentant former mafioso turned state's witness:

> It was as if I was a soldier for a state, my state *Cosa Nostra*… I was only interested in the opinion of my people, the people of *Cosa Nostra*, I wasn't interested in anybody else's opinion, just as an Italian soldier wouldn't be interested in the opinion of [enemies such as] the Yugoslavs or Germans.[70]

War within the mafia may feel, to the combatants, like war between states – but simply conflating war and crime seems unlikely to get us very far in understanding the strategic significance for states – if any – of organized crime. When, a decade ago, economist Paul Collier argued explicitly that all civil war could be understood as organized crime,[71] critics quickly emphasized that the diversity of motivations and organizational forms amongst contemporary armed groups defies such a generalized analysis.[72] The resulting debate helped to reveal, however, that even as some contemporary organized violence functions as 'the continuation of economics by other means' it does not lack political motives and effects.[73] As Mary Kaldor, David Keen and other 'New Wars' scholars have clarified, even profit-oriented activity during civil war generates competition for control over normative order, dispute resolution and resource allocation – in other words over governmental power.[74]

A more careful parsing may be needed of the distinctions between criminal, insurgent and political groups – distinctions that the Brookings Institution scholar Vanda Felbab-Brown cautions are 'frequently exaggerated in policy discussions.'[75] Felbab-Brown herself made illuminating contributions in her 2009 monograph,

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[69] Roberto Saviano, *Gomorrah* (New York: Picador, 2007), p. 87.
[70] Quoted in Roberto Scarpinato, 'Il Dio dei mafiosio', *Micromega*, vol. 1 (1998), p. 48. Author's translation.
[71] Paul Collier, 'Economic Causes of Civil Conflict and Their Implications for Policy' (Washington DC: World Bank, 2000); Paul Collier, 'Rebellion as a Quasi-Criminal Activity', *Journal of Conflict* Resolution, vol. 44, no. 6 (December 2000), pp. 839-853.
[72] See Karen Ballentine and Jake Sherman, eds, *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Boulder CO: Lynne Rienner, 2003).
[73] David Keen, *The Economic Functions of Violence in Civil Wars* (Oxford: Oxford University Press, 1998), p. 11.
[74] Mary Kaldor, *New and Old Wars. Organized Violence in a Global Era* (Stanford: Stanford University Press, 1999), esp. pp. 90-111; Mark Duffield, *Global Governance and the New Wars: The Merging of Development and Security* (London: Zed Books, 2001).
[75] Vanda Felbab-Brown, 'Fighting the Nexus of Organized Crime and Violent Conflict while Enhancing Human Security', in *Drug Trafficking, Violence, and Instability* (Carlisle PA: Strategic Studies Institute, US Army War College, 2012), p. 9.

Shooting Up, which explored the relationship between states and insurgent groups engaged in illicit drug production and trafficking in Afghanistan, Colombia, Burma, Northern Ireland and India.[76] Her study highlights how insurgent organizations use drug trafficking to generate and harness not only economic but political effects: popular support or 'political capital', freedom of action, and material gains. In subsequent work Felbab-Brown has also developed these insights to address urban governance and low-intensity conflict and even suggested that criminal groups compete with political actors in 'state-making', an idea explored further in Chapter 9.[77]

A parallel debate has considered the role of criminal activity in the changing nature of insurgency, stimulated in particular by the work of Steven Metz.[78] R. Thomas Naylor added much to our understanding of the role of criminal activity during insurgency through his analysis of the 'insurgent economy'.[79] Phil Williams and John Picarelli have illuminated how criminal activity can serve political groups' interests and even underpin strategic alliances between criminal and insurgent organizations.[80] Nils Gilman, Jesse Goldhammer and Steven Weber explicitly recognize that 'deviant entrepreneurs wield political power' in the form of money, violence and through the provision of public goods and services.[81] Recently, there has also been considerable debate over whether drug violence in Mexico can usefully be understood through the hybrid conceptual lens of 'criminal insurgency'.[82] Adam Elkus and John Sullivan have applied Clausewitzian strategic

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[76] Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs* (Washington DC: Brookings Institution Press, 2009).
[77] See for example Vanda Felbab-Brown, 'Crime, Low-Intensity Conflict and the Future of War in the Twenty-First Century', in Ingo Trauschweizer and Steven M. Miner, *Failed States and Fragile Societies: A New World Disorder?* (Athens OH: Ohio University Press, May 2014), pp. 89-118; 'Conceptualizing Crime as Competition in State-Making and Designing an Effective Response', *Sec. & Def. Stud. Rev.* (Spring-Summer 2010), pp. 155-158.
[78] Steven Metz, *The Future of Insurgencies* (Carlisle PA: US Army War College, 1993); Steven Metz, *Rethinking Insurgency* (Carlisle, PA: Strategic Studies Institute, 2007).
[79] R.T. Naylor, 'The Insurgent Economy: Black Market Operations of Guerrilla Organizations', *Crime, Law & Social Change*, vol. 20 (1993), pp. 13-51.
[80] Phil Williams, 'Insurgencies and Organized Crime', in Phil Williams and Vanda Felbab-Brown, *Drug Trafficking, Violence, and Instability* (Carlisle, PA: Strategic Studies Institute, 2012), pp. 27-72; Phil Williams and John T. Picarelli, 'Combating Organized Crime in Armed Conflict', in Karen Ballentine and Heiko Nitzschke, eds., *Profiting from Peace: Managing the Resource Dimensions of Civil War* (Boulder CO: Lynne Rienner, 2005), pp. 125-126.
[81] Gilman, Jesse Goldhammer and Steven Weber, 'Deviant Globalization', in Miklaucic and Brewer, eds., p. 9.
[82] See Robert J. Bunker, 'The Mexican Cartel Debate: As Viewed Through Five Divergent Fields of Security Studies', *Small Wars Journal,* 11 February 2011.

concepts to understand Mexican cartel military operations, but stop short of considering the political dimension of cartel strategy.[83] One analyst who has come close to such an approach (outside Mexico) is General Sir Rupert Smith, in his seminal work *The Utility of Force*. Drawing on his extensive command experience, especially in the Balkans, Smith highlights the importance of clandestine social networks and criminal activity as a source of logistical and social resources for contemporary armed groups competing with the state for control of the 'protection' of populations in a 'war amongst the people'.[84]

Yet none of these authors considers how criminal groups mix and match their criminal capabilities to achieve specific political goals. If anything, these various debates have thrown into relief the analytical weakness of hybrid concepts such as 'mafia states', 'threat convergence', 'criminal insurgency' and 'crime-terrorism nexus'. Simply combining the concepts of war, crime and terrorism may obscure, rather than reveal, underlying patterns of interaction. While it may be true that groups engaged in armed conflict, terrorism or organized crime interact, or even that a particular organization, such as Hezbollah, engages simultaneously in all three activities, this does not mean that it is helpful to treat the activities *themselves* as converging. A better approach may be to identify when and why armed groups will engage in each activity.

This is, fundamentally, a question of strategy. In the case of criminal strategy, the central question is why and how some groups develop governmental power to maximize criminal rents. It is to that question that we now turn.

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[83] Adam Elkus, 'Mexican Cartels: A Strategic Approach', *Infinity Journal*, IJ Exclusive, 28 June 2011; John P. Sullivan and Adam Elkus, 'Strategy and insurgency: an evolution in thinking?', 16 August 2010, at http://www.opendemocracy.net/john-p-sullivan-adam-elkus/strategy-and-insurgency-evolution-in-thinking, accessed 14 March 2015.

[84] Rupert Smith, *The Utility of Force: The Art of War in the Modern World* (London: Allen Lane, 2005), pp. 328-330.

2. The Strategic Organization of Crime

'The logic of the Mafia… is nothing more than the logic of power...'
Giovanni Falcone[85]

What is 'organized crime'? Argument over how to understand the concept is both semantic and empirical.[86] The respected criminologist Klaus von Lampe argues there is no *single* phenomenon of 'organized crime'.[87] Others argue that organized crime is simply whatever powerful states say it is.[88] A term originally coined during Prohibition in the US,[89] 'organized crime' has been explained through a variety of analytical frameworks – political, economic, social and cultural.[90] Yet to date there has been limited consideration of whether crime is organized 'strategically'.

Strategy is about how actors relate means to ends. As Lawrence Freedman succinctly explains, 'strategy is the art of creating power', where power is understood as the 'capacity to produce effects that are more advantageous than would otherwise have been the case'.[91] To understand an actor's strategy, we must understand both the *sources* of its power, its advantage in relationships; and the *choices* it makes to realize that power.[92] This Chapter provides an analytical framework for considering whether crime is ever organized strategically. Drawing on existing scholarship, the Chapter considers four questions: First, do criminal groups have strategic goals? Second, is crime rationally organized to achieve them? Third, where does strategic decision-making occur? And fourth, how are the means to achieve these ends organized?

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[85] Falcone, p. 57.
[86] Alan Wright, *Organised Crime* (Cullompton: Willan, 2005), p. 203.
[87] Klaus von Lampe, 'The Interdisciplinary Dimensions of the Study of Organized Crime', *Trends in Organized Crime*, vol. 9, no. 3 (2006), pp. 77-95.
[88] See e.g. Peter Andreas and Ethan Nadelmann, 'The Internationalization of Crime Control', in Friman, pp. 21-33.
[89] President's Commission, *Task Force Report: Organized Crime*; Donald Cressey, *Theft of the Nation: The Structure and Operations of Organized Crime in America* (New York: Harper and Row, 1969).
[90] See Phil Williams and Roy Godson, 'Anticipating Organized and Transnational Crime', *Crime, Law & Social Change,* vol. 37 (2002), pp. 335-339.
[91] Lawrence Freedman, 'Strategic Studies and the Problem of Power', in Lawrence Freedman, Paul Hayes and Robert O'Neill, eds., *War, Strategy, and International Politics: Essays in Honour of Sir Michael Howard* (Oxford: Clarendon Press, 1992), p. 294.
[92] Freedman, 'Terrorism as a Strategy', p. 318.

Criminal strategy and governmental power

The field of strategic studies has traditionally ruled out criminal groups being considered strategic actors, because it treats strategy as a question of pursuing power – and especially political power. War is seen as the paradigmatic form of strategic competition for power. As the eminent strategic theorist Colin Gray has put it, taking his cues from Clausewitz, 'War is about politics, and politics is about relative power.'[93] Violent competition between criminal groups, on the other hand, 'is not war', argues Gray, because criminal groups pursue economic, not political, goals.[94] Security scholars such as Mats Berdal and Mónica Serrano take a similar position: crime, they argue, is over-ridingly organized according to 'the logic of profitability and economic gain', rather than a political or strategic logic.[95]

Part of the problem arises from the fact that, as noted by Robert J. Kelly, a former President of the International Association for the Study of Organized Crime, there is a 'lack of strong coherent explanatory scientific traditions that make sense of' the political power that organized crime does wield.[96] The most important attempts have taken the form of case studies. Alan Block's study of the collusion between criminal organizations and political figures in New York between 1930 and 1950, for example, provides rich insights into the social function of these dealings, though less insight into internal decision-making processes.[97] There is a particularly rich literature exploring political-criminal collusion in Italy, some of which is explored in Part Two. More recently, case studies have emerged around the role of criminal groups in specific states such as Russia – for example Solnick's *Stealing the State* and Handelmann's *Comrade Criminal*; and Kenya, as in the journalist Michela Wrong's *It's Our Turn to Eat*.[98] Area studies specialists have also explored the role of criminal groups and organization in national political

[93] Colin Gray, *Another Bloody Century: Future Warfare* (London: Phoenix Press, 2005), p. 37.
[94] Colin Gray, 'What is War? A View from Strategic Studies', in Colin Gray, *Strategy and History: Essays on Theory and Practice* (New York: Routledge, 2006), p. 185.
[95] Berdal and Serrano, 'Introduction', p. 7.
[96] Robert J. Kelly, 'An American Way of Crime and Corruption', in Godson, *Menace*, p. 99.
[97] Block, *East Side.*
[98] Handelmann, *Comrade Criminal*, op. cit.; Michela Wrong, *It's our turn to eat: the story of a Kenyan whistle-blower* (London: Fourth Estate, 2009).

orders in Latin America,[99] Africa,[100] and Central Asia.[101]

These case studies rarely explore the role of criminal groups in international politics. A volume on the 'political-criminal nexus' edited by Roy Godson at Georgetown University points in places to the role of foreign governmental actors such as the US Central Intelligence Agency in influencing some domestic political dynamics.[102] A related genre of academic inquiry into 'parapolitics' and the 'deep state' aims to study 'criminals behaving as sovereigns and sovereigns behaving as criminals', focusing on relationships between intelligence services, clandestine far-right or conservative groupings (so-called 'occult powers') and transnational organized crime.[103] But the literature is largely descriptive, focuses on individual state settings and comparative analysis, rather than exploring inter-state dynamics, and risks – as the leading survey of the subgenre acknowledges – tipping over into 'grand conspiracy theory'.[104]

Other idiosyncratic efforts provide useful though limited building blocks for deeper analysis. Robert Mandel's *Dark Logic: Transnational Criminal Tactics and Global Security* considers the relationship between violence, corruption and security.[105] But the volume offers no real explanation of how different criminal groups choose, dynamically, to apply what he calls the 'tactics' of corruption and violence in different settings – in other words how they develop and execute strategy. Alfredo Schulte-Bockholt's 2006 monograph *The Politics of Organized Crime and the Organized Crime of Politics* comes closer to such an explanation, developing a neo-Marxist hypothesis that organized crime groups reflect dominant political elites' ideological preferences. Like the English Marxist historian Eric

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[99] Enrique Desmond Arias, 'Understanding Criminal Networks, Political Order, and Politics in Latin America', in Anne L. Clunan and Harold A. Trinkunas, eds., *Ungoverned Spaces: Alternatives to State Authority in an Era of Softened Sovereignty* (Stanford CA: Stanford Security Studies, 2010), pp. 115-135.
[100] Jean-François Bayart, Stephen Ellis and Beatrice Hibou, *The Criminalization of the State in Africa* (Bloomington: Indiana University Press, 1999).
[101] See for example Svante E. Cornell and Niklas L.P. Swanström, 'The Eurasian Drug Trade: A Challenge to Regional Security', *Problems of Post-Communism,* vol. 53, no. 4 (July-August 2006), pp. 10-28.
[102] Godson, 'The Political-Criminal Nexus', *op. cit.* The role of the CIA was explored by Alfred McCoy in his seminal *The Politics of Heroin in Southeast Asia* (New York: Harper Colophon Books, 1973).
[103] See Wilson, *Government of the Shadows* – especially Cribb, *op. cit.*, and Eric Wilson, 'Deconstructing the Shadows', pp. 13-55.
[104] Cribb, p. 3.
[105] Mandel.

Hobsbawm before him, Schulte-Bockholt sees organized crime as fundamentally capitalist, nested within the institutions of private property and commerce.[106] Adapting Antonio Gramsci's concept of *trasformismo*, Schulte-Bockholt argues that political elites admit criminal actors to power in order to maintain elite hegemony and protect private property.[107] In some contemporary settings this explanation appears plausible. But Schulte-Bockholt's rigid approach struggles to explain the shifting patterns of accommodation, confrontation and relocation in relations between political and criminal organizations that we will see in the episodes in Part Two. Nor do these frameworks explain why political and criminal groups may collaborate in ways that deliberately generate limited disorder and breakdowns in the institutions of private property as a basis for rule, as Chabal and Daloz, Bayart, Ellis and Hibou, and Reno, have all suggested has been the case in Africa in recent decades.[108]

A large portion of existing criminological and sociological scholarship simply brackets off the political aspect of organized crime, treating it instead as business or 'enterprise' operating under the special conditions of illegality.[109] This economic analysis of organized crime has offered powerful insights,[110] particularly into internal organization of criminal groups and the strategies of criminal groups *towards each other*.[111] But it has proven less adept in explaining criminal groups' relations with political and governmental entities.

This is in some ways surprising, given that one of the central insights of economic analysis of organized crime is that some criminal organizations take on governance roles within criminal markets – and under certain conditions can even tend towards a governmental monopoly, as do states. Illicit market actors face many

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[106] Hobsbawm, *Primitive Rebels*, p. 55.
[107] Alfredo Schulte-Bockholt, *The Politics of Organized Crime and the Organized Crime of Politics* (Lanham MD/Oxford: Lexington Books, 2006), p. 22. See also Naylor, 'The Insurgent Economy', at pp. 20-22.
[108] Bayart et al.; and see William Reno, *Warlord Politics and African States* (Boulder CO/London: Lynne Rienner, 1998).
[109] D. C. Smith, Jr., 'Illicit Enterprise: An Organized Crime Paradigm for the Nineties', in R. J. Kelly, K.-L. Chin and R. Schatzberg, eds., *Handbook of Organized Crime in the United States* (Westport CT: Greenwood Press, 1994), pp. 121-150; Southerland and Potter.
[110] Peter Reuter, *Disorganized Crime. The Economics of the Visible Hand* (Cambridge MA: The MIT Press, 1983); Thomas Schelling, 'Economic Analysis and Organized Crime', in President's Commission, *Task Force Report: Organized Crime*, pp. 114-126; and Thomas Schelling, 'Economics and the Criminal Enterprise', *Public Interest,* vol. 7 (1967), pp. 61-78.
[111] See especially Williams and Godson.

challenges that those in legal markets do not, as a result of the absence of the state: uncertainties in property and possession; higher capital investment and borrowing costs; limited remedies for poor quality goods and services; limited information about counterparties; unclear rules; short business planning horizons; and limited asset disposal opportunities.[112] This creates a demand for protection from violent rivals, generating a market for protection services.[113] Diego Gambetta's seminal 1993 work *The Sicilian Mafia: The Business of Private Protection* showed how features of the Sicilian mafia sometimes ascribed to culture or norms may in fact serve organizational, branding or marketing logics.[114] Federico Varese has also successfully extended the model to post-Soviet Russia.[115] The absence of the state also, however, creates a demand for governance functions within criminal markets – setting market and social norms, allocating resources, and resolving disputes.[116] As the sociologist Charles Tilly recognized, organized crime and statehood thus have much in common, providing complex protection and regulatory systems.[117] It is in this sense that, in the phrase made famous by the American analyst Donald Cressey, some organized criminal groups are 'both a business and a government'.[118] Those who can enforce the rules of the underworld accrue the power to set them. In different contexts, criminal organizations have thus variously been described as operating as 'governance structures',[119] 'de facto' or 'private governments',[120] 'primitive states'[121] or competitors in state-making.[122]

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[112] Henner Hess, 'The Sicilian Mafia: Parastate and Adventure Capitalism', in Wilson, *Government of the Shadows*, p. 164; Letizia Paoli, 'The paradoxes of organized crime', *Crime, Law & Social Change*, vo. 37 (2002), pp. 64-66.
[113] Schelling, 'What is the Business'; Thomas Schelling, *Choice and Consequence: Perspectives of an Errant Economist* (Cambridge, MA: Harvard University Press, 1984), pp. 158-178; Diego Gambetta, *The Sicilian Mafia: The Business of Private Protection* (Cambridge, MA: Harvard University Press, 1993).
[114] Gambetta.
[115] Federico Varese, *The Russian Mafia: Private Protection in a New Market Economy* (Oxford: Oxford University Press, 2001).
[116] Stergios Skaperdas, 'The political economy of organized crime: providing protection when the state does not', *Economics of Governance*, vol. 2 (2001), p. 174.
[117] Charles Tilly, 'War Making and State Making as Organized Crime', in Peter Evans, ed., *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985), pp. 169-191.
[118] Cressey, *Theft*, p. 110.
[119] Annelise Anderson, *The Business of Organized Crime: A Cosa Nostra Family* (Stanford CA: The Hoover Institution, 1979).
[120] August Bequai, *Organized Crime: The Fifth Estate* (Lexington MD: D. C. Heat & Co., 1979), p. xi; M. S. Jankowski, *Islands in the Streets: Gangs and American Urban Society* (Berkeley: University of California Press, 1991), p. 89.
[121] Stergios Skaperdas and Constantinos Syropoulos, 'Gangs as Primitive States', in Fiorentini and Peltzman, pp. 61-82.

Even when this criminal governmental power has been recognized, however, it has largely been assumed that this power operates in an underworld sphere entirely separated from that of formal or state politics, the upperworld. Eric Hobsbawm, for example, described criminal groups as *pre-political* or *apolitical*.[123] Criminal organizations, it seems true, usually do *not* seek to replace the state, as do insurgent and rebel groups. Rather, groups adopting criminal strategies seem largely to eschew the 'responsibilities of rule like a state'.[124] A preference for dodging formal political *authority in* the upperworld does not however necessarily signify a lack of desire for political *power over* that upperworld. That is precisely the genius of criminal strategy: it involves the development of clandestine advantage in political relations *with and in the upperworld*, even if the rents and power accrued lie primarily in the *underworld*. Criminal strategy thus *requires* leaving the state in power – at least formally.[125] Supplant the state, or some other higher political authority capable of declaring the market you operate in 'criminal', and you remove the criminal tariff (the rent you can charge because a good or service is illegal). A criminal strategy *cannot* seek to replace or eliminate the state entirely, but only to manipulate and exploit it.

Criminal power is consequently hidden and informal, and criminal strategy clandestine. But it is nonetheless political, in the sense that it involves an effort to shape the 'general arrangements' (Oakeshott)[126] or the 'normative order' (Weber)[127] of a defined community – not only the underworld itself, but the whole community, both upperworld and underworld understood together. After all, without the upperworld defining itself as an upperworld, rather than just 'the world', the underworld does not exist. As Mittelman and Johnston note,

> criminal elements do not seek to take over the state; they are … not revolutionary movements seeking to take over its apparatus… [But they] are alternative social organizations that … challenge the power and

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[122] Herschel I. Grossman, 'Rival kleptocrats: the mafia versus the state', in Fiorentini and Peltzman, pp. 143-156.
[123] Hobsbawm, *Primitive Rebels*, op. cit.
[124] Saviano, p. 202.
[125] Herman Schwartz, 'Immigrants and Organized Crime', in Friman, *Crime*, p. 121.
[126] Michael Oakeshott, 'Political Education', in *'Rationalism in Politics' and Other Essays* (London: Methuen, 1962), p. 112.
[127] Max Weber, *Economy and Society* (Berkeley and Los Angeles: University of California Press, 1922/1978), pp. 54-55. Compare Rocco Sciarrone, 'Réseaux mafieux et capital social', *Politix,* vol. 13, no. 49 (2000), pp. 38-39.

> authority of the state to impose its standards, codified as law.[128]

They can come to operate, in other words, as *covert* political organizations, or, as some analysts put it, parapolitical associations.[129] Power operates within these criminal settings not only through the impersonal market forces that Gambetta and the economists within the 'protection' literature have described so well, but also through choices made by individuals, regulating their own conduct in accordance with both formal and informal norms.

Criminal power operates not simply or even primarily through overt governmental 'institutions', but as a specific, hidden form of what Michel Foucault called 'governmentality': a normative system by which subjects regulate *themselves*.[130] Foucault described the state as just one specific 'episode in governmentality'.[131] This 'governmentality' is not just a governmental apparatus that disciplines and controls passive objects, but a normative system, within which subjects take on a political identity and regulate themselves, self-governing mentally.[132] Foucault recognized that, until government became associated with states, all sorts of other actors were 'governed': children (hence, 'governess'); souls; families; the sick. 'Government'

> did not only cover the legitimately constituted forms of political or economic subjection, but also modes of action… which were destined to act upon the possibilities of action of other people. To govern, in this sense, is to structure the possible field of action of others.[133]

A 'governmentality' is a specific mode of government, a normative and practical system for structuring 'the possible field of action of others'. 'Government' is thus a strategic concept since, as we saw earlier, 'strategy is the art of creating power', where power is understood as the 'capacity to produce effects that are more

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[128] James J. Mittelman and Robert Johnston, 'The Globalization of Organized Crime, the Courtesan State, and the Corruption of Civil Society', *Global Governance*, vol. 5 (1999), p. 114.
[129] Naylor, *Wages of Crime*, p. 32.
[130] Michel Foucault, 'Governmentality', in Graham Burchell, Colin Gordon and Peter Miller, eds., *The Foucault Effect: Studies in Governmentality* (Chicago: University of Chicago Press, 1991), pp. 87-104.
[131] Michel Foucault, *Security, Territory, Population. Lectures at the Collège de France* (Paris/London: Éditions du seuil/Gallimard, trans. Palgrave, 2004/2007).
[132] Foucault, 'Governmentality'.
[133] Michel Foucault, 'The Subject and Power' in Hubert L. Dreyfus and Paul Rabinow, eds., *Michel Foucault: Beyond Structuralism and Hermeneutics*, 2nd ed. (Chicago: University of Chicago Press, 2nd ed., 1982), p. 221.

advantageous than would otherwise have been the case'.[134] A 'governmentality' provides the language through which actors engage with the world, conditioning their understanding and expression of their own identities, interests, choices and preferences. It provides the mental framework or operating system through which they understand their world and seek to create advantage within it. Each specific governmentality thus provides, as Foucault neatly formulated it, a system for 'the conduct of conduct'.[135]

Some criminal organizations come to operate according to their own common, hidden operating systems – their own specific governmentalities. This is why we speak not just of a criminal 'under-sector', but a criminal 'under-*world*'. That this criminal 'governmentality' is real and powerful in the life of organized criminals, and not merely a theoretical postulate, is made clear in an anecdote told by Nicola Gentile, a Sicilian-American mafia leader. We will meet Gentile again in Part Two, having been called in to attempt to mediate a peace deal during a civil war within the New York Mob in the early 1930s. In 1949, after returning to Italy where he became involved in the strategic reorganization of the Sicilian mafia (discussed in Chapter 6), Gentile spent an afternoon talking to a young researcher. He explained the 'governmental' nature of a true *mafioso*'s power:

> *Duttureddu* ['little professor'], if I come in here unarmed, and you pick up a pistol, point it at me and say: 'Cola Gentile, down on your knees', what do I do? I kneel. That does not mean that you are a *mafioso* because you have forced Cola Gentile to get down on his knees. It means you are a cretin with a pistol in your hand.
>
> Now if I, Nicola Gentile, come in unarmed, and you are unarmed too, and I say to you: '*Duttureddu*, look, I'm in a bit of a situation. I have to ask you to get on your knees.' You ask me: 'Why?' I say: '*Duttureddu*, let me explain.' And I manage to convince you that you have to get on your knees. When you kneel down, that makes me a *mafioso*.
>
> If you refuse to get on your knees, then I have to shoot you. But that doesn't mean I have won: I have lost, *Duttureddu*.[136]

The true, hidden power of organized crime - Gentile was explaining, lies in

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[134] Freedman, 'Strategic Studies and the Problem of Power', p. 294.
[135] Michel Foucault, *The Birth of Biopolitics: Lectures at the College de France (1978-9),* trans. Graham Burchell (New York: Palgrave MacMillan, 2010), p. 48.
[136] Enrico Deaglio, 'Se vince lui, ma forse no', interview with Andrea Camilleri, in *Diario*, March 2001, at http://www.vigata.org/rassegna_stampa/2001/Archivio/Int09_Cam_mar2001_Diario.html, accessed 14 March 2015.

its normativity, its governmentality. What distinguishes effective criminal power from mere coercion is that it makes its victims complicit in the criminal system. They view their choices to cooperate as at least partly voluntary. Even without the formal trappings of government institutions, criminal power comes to govern human actions, through the power it exercises over human minds.

A targeted carrot-and-stick 'threat-offer' or 'throffer' usually lies at the heart of criminal strategy.[137] It is reflected in the famous phrase *¿O plata, o plomo?* – 'Silver, or lead?' In popular crime literature, this is known as the offer you cannot refuse. Such offers go beyond mere extortion by offering a *genuine* payoff for the target, and not only a threat. Repeated a sufficient number of times, transactions structured in this way create an expectation of complicity, a clandestine relationship between the person making the threat-offer, and the victim. This relationship is the foundation of the protection racket, whose legitimacy and authority may eventually be internalized by those within it. This is why criminal organizations frequently speak of those in their networks of influence not as their business associates or clients, but as their 'friends'. The exchange relationship is not merely transactional, but also associative.

The hidden web of organized criminal influence operates below, alongside and even *within* the formal state and other political structures. The covert, criminal order is sustained not simply through criminal coercion, but through the complicity of actors – including government officials – who act in line with what they believe are its demands, norms and discipline. It is this covert governmentality that underpins criminal organizations' generation and control of criminal rents.[138]

The competition between organized crime groups and the state is thus totalizing, and political, in a way that business competition in the legitimate market is not. Businesses compete for an individual's customer loyalty vis-à-vis other providers of their goods and services, but rely on the state to govern the market and do not compete with it for that power. Strategic criminal organizations and the state compete not just to be the individual's protector, but to be the source of the rules and discretion by which that individual is ultimately governed. As for legal

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[137] The term 'throffer' was introduced in Hillel Steiner, 'Individual liberty', *Proceedings of the Aristotelian Society*, vol. 75 (1974-75), pp. 33-50.
[138] Cartier-Bresson.

businesses, the key to long-term profit maximization for criminal groups is reducing competition, whether through collusion or the creation of a monopoly.[139] But for criminal groups the state is one source of competition. Conversely, criminal groups use certain means to compete – violence and corruption – which are ruled out for legitimate firms. At least in theory; in fact, legitimate businesses often turn to organized crime groups to provide just these capabilities in order to achieve strategic advantage through corruption and regulatory capture, or to enforce cartel, racketeering and other illegal market arrangements.[140]

It should be no surprise, therefore, that some criminal organizations deliberately develop collusive and even collaborative arrangements with upperworld political actors, maximizing each organization's governmental power within their own territorial, social or commercial sphere of influence. A 1967 Task Force on organized crime established by US President Lyndon Johnson found that 'organized crime flourishes only where it has corrupted local officials'.[141] A 1976 Task Force on Organized Crime established by US Congress drew similar conclusions.[142] Respected Italian mafia scholar Letizia Paoli has explicitly argued that 'the most durable and powerful Italian mafia associations… are those that have been able to infiltrate state institutions most deeply'.[143] Other leading mafia scholars such as Sciarrone, Allum and Siebert have all similarly concluded that organized crime success relies heavily on the development of political capital.[144] Likewise, recent analysis of violence in Mexico suggests a direct correlation between the disruption of criminal access to political channels (through which to enforce corruption arrangements) and upticks in violence.[145]

The unorthodox hypothesis that follows is that some criminal organizations do indeed seek political power, and should be treated as legitimate objects of

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[139] Southerland and Potter, pp. 262-263.
[140] Diego Gambetta and Peter Reuter, 'Conspiracy among the many: the mafia in legitimate industries', in Fiorentini and Peltzman, pp. 116-136.
[141] President's Commission, *Task Force Report: Organized Crime*, p. 6.
[142] National Advisory Committee on Criminal Justice Standards and Goals, *Organized Crime: Report of the Task Force on Organized Crime* (U.S. Government Printing Office: Washington DC, 1976), p. 29.
[143] Letizia Paoli, 'The political-criminal nexus in Italy', *Trends in Org. Crime,* vol. 5, no. 2 (1999), p. 15.
[144] Sciarrone, p. 39; Felia Allum and Renate Siebert, 'Conclusion: organized crime and democracy. "Uncivil" or "civil society"?', in Allum and Siebert, *op. cit.*, p. 223.
[145] Viridiana Rios, 'Why did Mexico become so violent? A self-reinforcing violent equilibrium caused by competition and enforcement', *Trends in Organized Crime*, vol. 16 (2013), pp. 138-155.

strategic analysis. Such a hypothesis is not entirely unprecedented. The sociologist Alan Block found that 'pursuit of power in one guise or another was the cement holding together under- and upperworlds' in New York in the mid-20th century.[146] Adam Elkus, an expert on Mexican drug cartels, describes their goal as 'power over people'.[147] Roberto Saviano describes the maxim of the Neapolitan Camorra as 'Power before all else.'[148] And Francisco Marino Mannoia, a *pentito*, brings such conclusions to life:

> It is often believed that people work with the Cosa Nostra for the money. But that is only partly true. Do you know why I became a *uomo d'onore* [man of honour, *mafioso*]? Because before I had been a nobody in Palermo and then afterwards, where I went, heads bowed. You can't value that in money.[149]

The next question, however, is whether this pursuit of power is a collective and organizational activity, or simply one pursued individually.

Individual, network or organizational strategy?

To say that some crime is strategically organized is not to succumb to the populist fantasy of criminal masterminds operating according to some 'master plan'. For a criminal group to be 'strategic' does not require total control, but only the attempt to deliberately shape its environment, rather than simply reacting to it.[150] The argument here is that organizational choices matter: that the historical development and trajectory of some criminal activities is the result not just of underlying structural factors or opportunity structures, but also specific choices by human agents. The suggestion is that some such choices are 'strategic': they involve an effort to use available resources to shape the environment in which the actor operates, to achieve defined ends. Necessarily, such 'strategic' choices are dynamic and iterative, emerging out of experience and experimentation. This is just what researchers have begun to identify in the organization of rebellion.[151] Here, we

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[146] Block, *East Side,* p. 239.
[147] Elkus, 'Mexican Cartels'.
[148] Saviano, p. 114.
[149] Roberto Scarpinato, 'Mafia e politica', in *Mafia: Anatomia di un regime* (Rome: Librerie associate, 1992), p. 94.
[150] Freedman, *Strategic Coercion*, p. 15 (footnote omitted).
[151] Jeremy Weinstein, *Inside Rebellion: The politics of insurgent violence* (Cambridge: Cambridge University Press, 2006); Francisco Gutiérrez Sanín and Antonio Giustozzi, 'Networks and Armies:

extend the analysis to criminal organization.

Understanding strategic choice requires, as Thomas Schelling argued, understanding how actors perceive opportunities and incentives.[152] This generates two related threshold questions that must precede identification of strategically organized crime. First, *does* organized criminal behaviour involve planned, rational efforts to shape the strategic environment? Or is crime in fact better considered the disorganized response of individual actors reacting to recurring opportunity structures? And second, if crime is strategically organized rather than just a structural epiphenomenon, *where* is the strategic decision-making capacity located? Is it decentralized across criminal networks, or more centrally organized?

The first question concerns criminal motivations. As with terrorism, the label 'organized crime' can be a pejorative one applied by states to delegitimize conduct and demonize actors, hampering objective analysis. The application of the label can trigger a presumption that the conduct in question is irrational, anarchic or even atavistic. This tendency crops up repeatedly in more popular accounts of the convergence of war and crime, with terms such 'anarchic' and 'irrational' being used interchangeably with 'criminal'.[153] Much criminal violence is indeed reactive – a product of brutalization, anomie and emotional impulse.[154] Indeed, gang violence prevention efforts have found great success in recent years through a model that empowers cool-headed, locally-legitimate 'interruptors' to intervene in spiralling gang disputes, talking at-risk youth off emotional cliffs and walking them back from violent angry impulses.[155] But this does not mean that all violence associated with crime is unplanned or non-instrumental. Just as it is for military commanders, the challenge for criminal organizers is to channel and harness these violent impulses effectively. As Adam Elkus notes of Mexico,

> Much of the violence associated with the drug war is … vicious gang

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Structuring Rebellion in Colombia and Afghanistan', *Studies in Conflict & Terrorism*, vol. 33 (2010), pp. 836-853.

[152] Schelling, *Choice and Consequence*, pp. 198-199.

[153] See for example Hans M. Enzensberger, *Civil Wars: From L.A. to Bosnia* (New York: The New Press, 1994), p. 103 - describing civil wars as frequently being 'about nothing at all'.

[154] See Phil Williams, 'The Terrorism Debate over Mexican Drug Trafficking Violence', *Terrorism & Political Violence*, vol. 24, no. 2 (2012), pp. 259-278.

[155] Charles Ransford, Candice Kane and Gary Slutkin, 'Cure Violence: A disease control approach to reduce violence and change behavior', in Eve Waltermaurer and Timothy Akers, eds., *Epidemiological Criminology: Theory to Practice* (Abingdon: Routledge, 2012), pp. 232-242.

> warfare, mutilation and beheadings, and bizarre pseudo-religious sects known as *narcocultos*. Such behaviors were once common in Europe — the Thirty Years' War being the most prominent example — and do not change the fact that deliberate policy and strategy guides the violence, not mass brutality. We would do well to pay heed to Clausewitz and note the constant tension between passion, chance, and reason.[156]

A recent review of available evidence concluded that most 'violence in illicit markets is typically selective and instrumental rather than random and gratuitous'.[157] Still, it is one thing to say that crime – and associated violence – is rationally planned by individuals, and another to say that it is systematically, collectively organized. This brings us to the second question. To adapt the distinction offered by the criminologist A.K. Cohen: is violence an aspect of criminal activity, or of criminal association?[158]

Beginning in the 1960s economic analysts argued that organized crime is often centralized and hierarchical, like a business firm.[159] Subsequent empirical investigation called this orthodoxy into question, revealing illegal markets populated by small entrepreneurs, fluid 'action sets' and crews, and complex family and commercial networks. This resulted in a shift away from firm-level to industry-level analysis.[160] Some scholars also began suggesting that much crime is in fact un-organized, and better thought of as opportunist.[161] This has in turn fuelled suggestions that even organized crime is better thought of not as a closed, directed enterprise, but as an open activity or method, culture, system or form of power into which a range of actors can tap. Henner Hess, a leading mafia scholar with extensive field experience, famously argued for many years that the Sicilian mafia did not exist as an organization, but was rather just a conceptual shorthand by which

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[156] Elkus, 'Mexican Cartels'.
[157] Peter Andreas and Joel Wallman, 'Illicit markets and violence: what is the relationship?', *Crime, Law & Social Change,* vol. 52 (2009), p. 227; and see H. R. Friman, 'Drug markets and the selective use of violence', *Crime, Law & Social Change,* vol. 52 (2009), pp. 285-295.
[158] A.K. Cohen, 'The Concept of Criminal Organisation', *British Journal of Criminology,* vol. 17, no. 2 (1977), pp. 97-111; see also Paoli, 'Paradoxes'.
[159] Schelling, 'Economics and the Criminal Enterprise'; Smith, 'Illicit Enterprise'; Pino Arlacchi, *Mafia Business. The Mafia Ethic and the Spirit of Capitalism* (Oxford: Oxford University Press, 1983/1988).
[160] See for example Hans-Jürgen Kerner and John A. Mack, *The crime industry* (Lexington KY: Lexington Books, 1975); and see Gambetta; and Varese, *The Russian Mafia*.
[161] See e.g. Reuter; Paoli, 'Paradoxes', p. 52; R.T. Naylor, 'Violence and illegal economic activity: a deconstruction', *Crime Law & Social Change*, vol. 52 (2009), pp. 231-242.

we sought to reify and explain illicit market forces.[162] Anton Blok, an anthropologist whose longitudinal study of mafia activity in a western Sicilian village is seen as something of a watershed,[163] argued that '[p]resenting mafia as a single unified structure neglects its structural flexibility and fluidity manifest in open-ended networks and action sets'.[164]

A particular vogue has emerged in recent years, perhaps amplified by the dominance of counter-terrorism discourse and research funding, to treat organized criminal activity as the product of network interactions, rather than atomized market transactions or hierarchical enterprise behaviour.[165] Yet network analysis and organizational analysis are not mutually exclusive.[166] As Scott Helfstein of the US Military Academy's Combating Terrorism Center has noted, clandestine networks are 'subject to the same institutional and bureaucratic forces that influence any other purposeful organization'.[167] Karl Von Lampe's recognition that criminal organizations are 'the results of action, being continuously shaped and re-shaped in exchanges between various stakeholders'[168] recalls the recognition in management theory in the 1980s that organizational behaviour is in part a product of contractual negotiation 'among self-interested individuals with divergent interests'.[169] Criminal enterprises emerge as institutionalized patterns of exchange within networks, just as networks emerge from recurring patterns of exchange within a market.[170] As Southerland and Potter note,

> viewed from a distance, criminal enterprises might give the impression of producing a very high volume of illicit activity, which because of its prevalence seems highly organized, and … appears to be a single

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[162] See Hess, 'Parastate', op. cit.; and Henner Hess, *Mafia and Mafiosi. The Structure of Power* (Westmead: Saxon House, 1973).
[163] Anton Blok, *The Mafia of a Sicilian Village, 1860-1960: A Study of Violent Peasant Entrepreneurs* (Cambridge: Waveland Press, 1974).
[164] Anton Blok, 'Reflections on the Sicilian Mafia: Peripheries and Their Impact on Centres', in Dina Siegel and Hans Nelen, eds., *Organized Crime: Culture, Markets and Policies* (New York: Springer, 2008), p. 9.
[165] See e.g. Michael Kenney, 'The Architecture of Drug Trafficking: Network Forms of Organisation in the Colombian Cocaine Trade', *Global Crime,* vol. 8 (2007), pp. 233-259; and Jörg Raab and H. B. Milward, 'Dark Networks as Problems', *Journal of Public Administration Research & Theory,* vol. 13, no. 4 (2003), pp. 413-439.
[166] Williams, 'Transnational Criminal Networks', pp. 64-65.
[167] Scott Helfstein, 'Governance of Terror: New Institutionalism and the Evolution of Terror Organizations', *Public Administration Review*, vol. 69, iss. 4 (July/August 2009), p. 727.
[168] von Lampe, 'Interdisciplinary Dimensions', p. 82.
[169] Michael C. Jensen, 'Organization Theory and Methodology', *The Accounting Review*, vol. 58, no. 2 (April 1983), pp. 319-339.
[170] Sciarrone.

> organization or several very large organizations. But … the same structure viewed from the inside would look like a series of partnerships organized around specific criminal projects.[171]

This all suggests that actors within criminal networks can exercise different kinds of influence and power, depending on their position within the network.[172] As different actors are exposed to different risks, they develop different strategic perspectives and preferences.[173] The strategy of a criminal organization is thus best understood as the result of complex interplay between strategic choices made by individuals, operating in a variety of network and hierarchical forms. Depending on the shifting distribution of power and activity within these forms, the resulting strategy may be deliberate or 'directed' from the top down, or 'emergent' from internal transactions.[174] Criminal groups can be understood as providing a 'context of action', a governmental system of shared resources and common rules that constrain participating actors – who may have very diverging objectives and strategies, and may compete internally for power even as the group competes with external rivals.[175] Understanding the strategic behaviour of criminal networks thus requires looking inside those networks to understand shifts in internal power and influence, and their complex interaction with shifts in the strategic environment in which the network operates.

Social bandits and primitive criminal strategy

The difference between a-strategic and strategic criminal organization is illuminated by the special case of social bandits such as Robin Hood, Rob Roy, Jesse James and Pancho Villa. These are, as Eric Hobsbawm explained:

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[171] Southerland and Potter, pp. 263-264.
[172] Carlo Morselli, *Contacts, Opportunities and Criminal Enterprise* (Ontario: University of Toronto Press, 2005). See also Klaus von Lampe, 'Criminally Exploitable Ties: A Network Approach to Organized Crime', in Emilio C. Viano, José Magallenes and Laurent Bridel, eds., *Transnational Organized Crime: Myth, Power, Profit* (Durham NC: Carolina Academic Press, 2003), pp. 9-22.
[173] Andrew V. Papachristos and Christopher Wildeman, 'Network Exposure and Homicide Victimization in an African American Community', *American Journal of Public Health*, vol. 104, no. 1 (January 2014), pp. 143-150.
[174] See Henry Mintzberg and James A. Waters, 'Of Strategies, Deliberate and Emergent', *Strategic Management Journal*, vol. 6, no. 3 (July-September 1985), pp. 257-272. For application in the criminal context see Phil Williams, 'Transnational Criminal Networks', in J. Arquilla and D. Ronfeldt, eds., *Networks and Netwars: The Future of Terror, Crime and Militancy* (Santa Monica: Rand Corporation, 2001), p. 69.
[175] Sciarrone, p. 43.

> outlaws whom the lord and state regard as criminals, but who remain within … society, and are considered by their people as heroes, as champions, avengers, fighters for justice, perhaps even leaders of liberation, and in any case as men to be admired, helped and supported.[176]

Bandits are of course organized criminals, in the sense that their bands use violence to extract criminal rents, through robbery and plunder. Mancur Olson has famously suggested that bandits choose whether to rove, or, if it looks like it offers better returns, to become stationary autocrats, turning theft into 'taxation'.[177] But are these choices strategic?

As defined by Hobsbawm, *social* bandits are typically unmarried male youths who emerge as peasant rebels after some brush with the state or ruling class for an infraction considered socially legitimate but formally illegal.[178] Their 'ambitions are modest: a traditional world in which men are justly dealt with, not a new and perfect world.'[179] The term remains germane, with contemporary criminal leaders such as Joaquín 'El Chapo' Guzmán Loera, the former head of the Sinaloa Cartel in Mexico, still being described and regarded by some rural poor as a social bandit, despite appearing on the *Forbes* Rich List.[180] Hobsbawm explained that the poor would

> protect the bandit, regard him as their champion, idealize him and turn him into a myth… In return, the bandit himself tries to live up to his role even when he is not himself a conscious social rebel.[181]

The social bandit is the product of emergent social protest, rather than the agent of strategic change, emerging in conditions of rural pauperization and economic crisis or, in some cases, slower-moving politico-economic transformation.[182] Social bandits usually struggle to establish a coherent social programme and typically do not emerge as governmental rivals to states, remaining vehicles for social protest. They are, in Hobsbawm's terms, 'primitive rebels'. As we shall see in the brief study in Chapter 6 of Salvatore Giuliano, the famous Sicilian bandit with ties to the mafia, bandit *strategy* is also rather primitive. As

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[176] Eric Hobsbawm, *Bandits*, 2nd ed. (New York: Pantheon Books, 1981), p. 17.
[177] Mancur Olson, 'Dictatorship, Democracy and Development', *American Political Science Review,* vol. 87, no. 3 (1993), pp. 567-576.
[178] Hobsbawm, *Primitive Rebels*, pp. 4, 15; Hobsbawm, *Bandits*, pp. 31-36, 42.
[179] Hobsbawn, *Primitive Rebels*, p. 5.
[180] Guy Fricano, 'Social Banditry and the Public Persona of Joaquín "El Chapo" Guzmán', *Small Wars Journal*, 29 April 2013.
[181] Hobsbawn, *Primitive Rebels*, p. 13.
[182] Hobsbawm, *Bandits,* pp. 18, 22, 23.

Hobsbawm has decisively shown, bandits tend to be men of action, not deep thinkers. They are 'activists and not ideologists or prophets from whom novel visions or plans of social and political organization are to be expected', tough leaders who 'hack out the way' rather than 'discover it'. Their social role is not one they choose, but one they are typically thrust into by popular acclaim: 'Bandits, except for their willingness or capacity to refuse individual submission, have no ideas other than those of the peasantry… of which they form part.'[183] Indeed, once bandits start to select attack targets not because they are 'organic', well-known local sources of oppression, but rather on the basis of sophisticated 'political calculations', they are removed 'far from the sphere in which social banditry … operates'.[184] In the figure of Salvatore Giuliano in Chapter 6 we see just how hard the transition from social bandit to strategic organized criminal can be.

Criminal capabilities

Existing scholarship has examined the resources – the means – used by specific criminal groups, and the operational tactics used to harness those resources.[185] Southerland and Potter demonstrated that criminal groups can develop competitive advantage within illicit markets through innovation to develop new capabilities.[186] Scholars have also explored how criminal groups compete to develop new, lower-cost methods for manufacturing, delivery, logistics, weaponry, marketing and money-laundering.[187] But to date no analytical framework has emerged that explains how criminal groups combine these resources (their means) into strategic capabilities (organizational processes or ways).[188] This section introduce such a framework, exploring how strategically organized crime develops three capabilities – coercion, corruption, and communications – and combines them through a control system. This provides a framework for understanding the strategic organization of

[183] *Ibid*., pp. 24-25
[184] *Ibid*., p. 160.
[185] Notably Mandel, *Dark Logic*.
[186] Southerland and Potter, pp. 258-259.
[187] See Werner Vahlenkamp and Peter Hauer, *Organized crime, criminal logistics and preventive approaches: practice-oriented summary and evaluation of an investigative criminological study* (Wiesbaden: Bundeskriminalamt, 1996).
[188] George Stalk, Philip Evans and L. E. Shulman, 'Competing on Capabilities: The New Rules of Corporate Strategy', *Harvard Business* Review, vol. 70, no. 2 (1992), pp. 57-69.

criminal capabilities, which is then applied in Part Two to decipher the strategic choices of real criminal organizations in the historical record.

Coercion

The absence of state enforcement power from criminal markets makes strategic coercion – the use of overt threats or actual force to influence another's choices[189] – central to criminal organization. As Paoli neatly summarizes, '[u]ltimately violence constitutes the backbone of [criminal] power.'[190] The simplest use of coercion is to capture the resources – the means – needed to extract criminal rents. This is simple predation and robbery – whether of the highway variety, or, as in the Somali piracy case, the high seas variety. Coercion is used to control both material and intangible resources, such as supply routes. In Mexico, for example, cartel violence is often focused on control of the *plazas*, strategic nodes in trafficking route networks.[191] Coercion is also used to enforce criminal deals and employment contracts.[192] The normalization of coercion as a sanction turns a criminal network into a more institutionalized organization, separating it from the broader environment. As the great anti-mafia magistrate Giovanni Falcone stressed, the mafia

> is a society, an organisation which to all intents and purposes has its own legal system.… Given that within the Mafia structure there are no courts and no police force either, it is essential that each of its "citizens" knows that punishment is inevitable and that the sentence will be carried out immediately. Whoever breaks the rules knows he will pay with his life.[193]

This internal violence is legitimized through the logic of protection.[194] Protection from what? The criminal groups' rivals – both other criminal groups, and other governmental actors such as the state. Coercion is also used to directly attack those rivals, setting up the potential for arms races and security dilemmas. World Bank economist Stergios Skaperdas describes the resulting market structure in terms that sound very similar to descriptions of the inter-state system:

> a curious sort of monopolistic competition, whereby each gang has the local monopoly of protection within a certain area and this local monopoly

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[189] Freedman, 'Strategic Coercion', p. 15.
[190] Letizia Paoli, 'Criminal Fraternities or Criminal Enterprises?', in Williams and Vlassis, p. 90.
[191] Elkus, 'Mexican Cartels'; Rios, 'Why did Mexico'.
[192] Hess, *Mafia and Mafiosi*, p. 147.
[193] Falcone, pp. 13, 19.
[194] Tilly, 'War Making'; Gambetta.

> is maintained by the gang's capability of mobilizing and using force against other gangs.[195]

Just as it is for states, for criminal groups coercion is closely tied to a strategy of deterrence. Building a reputation for violence can be as important as building the actual capacity for violence.[196] Criminal groups frequently engage in atrocity to deter potential rivals and reduce their own enforcement costs.[197] Saviano, the Camorra-watcher, explains that '[i]n Naples cruelty is the most complete and affordable strategy for becoming a successful businessman.'[198] Conversely, signs of weakness can be self-fulfilling. Alan Block notes that in the underworld,

> Displays of personal power are constantly necessary for both personal and financial security… Weakness undermines not only an individual's position but reverberates through the entire associational network...[199]

Strategic criminal coercion is consequently intimately tied to strategic communications. In Mexico, for example, the posting of videos of beheadings and torture has become normalized. Drug cartels routinely dump bodies with long and complex public messages – *narcomantas* – attached. A typical *narcomanta* from Monterrey in March 2007 read:

> Prosecutor: don't be an idiot, this will continue until you stop protecting Hector Huerta's people, 'Shorty' Guzman, and that queer 'La Barby.' Especially you, Rogelio Cerda [a local official], until all your children are dead... P.S. This is only the beginning.[200]

As with many arms races, it can be hard to prevent a race to the bottom, with increasing levels of barbarity becoming normalized.[201] The flipside of this use of coercion for external deterrence is what Michael Howard described as the generation of 'reassurance' to those within one's protection.[202] Displays of violence help to remind participants in the criminal network of the potential harm they face from rivals, and the importance of the organization in protecting them from it.

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[195] Skaperdas, 'The political economy', pp. 186-187; and see Kai A. Konrad, and Stergios Skaperdas, 'The Market for Protection and the Origin of the State', CESinfo Working Paper Series No. 1578 (Munich: CESinfo Group, 2004).
[196] Freedman, *Deterrence*, pp. 52-256; compare Gambetta, pp. 127-156.
[197] See Peter T. Leeson, *The Invisible Hook: The Hidden Economics of Pirates* (Princeton NJ: Princeton University Press, 2009), pp. 82-133.
[198] Saviano, p. 46.
[199] Block, *East Side,* p. 222.
[200] John Bailey and Matthew M. Taylor, 'Evade, Corrupt, or Confront? Organized Crime and the State in Brazil and Mexico', *Journal of Politics in Latin America*, vol. 1, no. 2 (2009), p. 22.
[201] Williams, 'The Terrorism Debate', p. 266.
[202] Michael Howard, 'Lessons of the Cold War', *Survival,* vol. 36, no. 4 (1994-1995), p. 165.

Notwithstanding this tendency towards brutality when violence is deployed, organized crime groups tend to be selective about when to deploy it. Wide-scale confrontation between criminal groups, and between those groups and the state, is exceptional – just as war is exceptional, while deterrence and coercion are quite common on the international plane. As John Bailey and Matthew Taylor have explained, this is because a campaign of violence requires capabilities – such as intelligence gathering, secrecy, coordination, and weaponry – that depend on substantial organizational sophistication; and also because the costs of wide-scale confrontation are high, ranging from personal insecurity, internal defection and decreased business, to increased government repression.[203]

Criminal organizations are therefore more likely to resort to wide-spread violence when the predicted costs are low – because the military or enforcement capacity of the state or criminal rival is weakened. Once such a calculation becomes ubiquitous, a chain reaction may set in, as we have seen in Mexico in recent years. When one cartel is wounded, others move in to prey on its resources, absorbing its personnel, taking over its trafficking routes, capturing its weapons, stepping into its relationships with businesses and government.[204] The competition for these resources hurts some actors, and the chain continues. This is why Mexico (and arguably Syria) at times seems to resemble the meltdown of the Thirty Years War. They are brutal melées fuelled by a dangerous domino effect.

Corruption

Corruption is the single most distinctive strategic capability of criminal organizations. Its importance is made clear by a recent analysis of the business model of the Sinaloa cartel, one of the most powerful drug trafficking organizations in the world, which found that corruption payments constituted the single largest line-item expenditure in its budget.[205] So what is corruption?

'Corruption' is frequently defined as 'the abuse of a public position of trust

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[203] Bailey and Taylor, 'Evade, Corrupt, or Confront?', pp. 11-12.
[204] Elkus, 'Mexican Cartels'; and see H. R. Friman, 'Forging the Vacancy Chain: Law Enforcement Efforts and Mobility in Criminal Economies', *Crime Law & Social Change,* vol. 41, no. 1 (2004), pp. 53-77.
[205] Patrick Radden Keefe, 'The Snow Kings of Mexico', in *N.Y. Times Magazine*, pp. 41-42.

for private gain'.[206] But this description overlooks the transactional nature of corruption, which exchanges an illegal or illicit exercise of governmental discretion (whether in a position of public office or private authority) for a criminal rent. Corruption subverts the exercise of governmental power through threats and/or payments, giving privileged access to public contracts, protecting criminals from law enforcement, or targeting a criminal group's rivals. In some cases, criminal groups use corruption to influence the way that the state defines and regulates criminal activity, to their advantage.

As we shall see in Part Two, at this 'highest' level corruption often involves political campaign finance and support. This is intended to create broad systemic leverage, through what Frank Madsen aptly terms a 'futures market'.[207] A US Senate Committee in 1951 used the popular term 'the fix':

> The fix may… come about through the acquisition of political power by contributions to political organizations or otherwise, by creating economic ties with apparently respectable and reputable businessmen and lawyers, and by buying public good will through charitable contributions and press relations.[208]

Strategic corruption thus involves the deliberate 'acquisition' of future 'political power' through investments in candidates, causes and parties. In some cases, there is even evidence of such investments leading to criminal organizations vetting shortlists of candidates put forward by politicians (Italy, Mexico), dictating party programs (Colombia), or even presenting their own candidates for office.[209]

The real utility of strategic corruption is not, however, its instrumental value in delivering material resources, or even human resources in the form of government officials. It is its creation of legitimacy. The corrupted bystander or rival suddenly becomes a 'friend'. This is what makes corruption unique from a strategic theory perspective: it presents as a *voluntary* exchange of governmental discretion in return for a reward or the non-execution of a threat.[210] It rests on the

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[206] See Frank G. Madsen, 'Corruption: A Global Common Evil', *The RUSI Journal,* vol. 158, no. 2 (2013), pp. 26-38.
[207] Madsen, p. 29.
[208] Kefauver Committee, *Report*, p. 175.
[209] Letizia Paoli, 'Broken Bonds: Mafia and Politics in Sicily', in Godson, p. 46; Giuseppe Muti, 'Mafias et Trafics de Drogue: Le Cas Examplaire de Cosa Nostra Sicilienne', *Herodote,* no. 112 (2004), p. 162.
[210] See Donatella Della Porta and Alberto Vannucci, *Corrupt Exchanges* (New York: De Gruyter, 1999).

target's fear of future punishment being outweighed by the promise of current rewards. As early as 1901 an observer of the Sicilian mafia noted the way in which corrupt mafia exchanges allowed the mafioso's 'friend' to 'flatter himself' that his 'tribute' was 'actually a gracious gift or the price paid for a service rendered'.[211] Almost a century later, the mafia *pentito* Tommaso Buscetta stressed to Italian prosecutors that the Sicilian mafia's influence

> cannot be explained [solely] as the result of coercion. Those who cooperate expect certain advantages. True, one cannot expect these relationships to be on an equal footing, as it is always clear that one of the parties is [a *mafioso*]; yet the other party makes himself available.[212]

Strategic corruption is thus distinct from strategic coercion. As Lawrence Freedman has explained, the latter seeks to create a situation of

> *force majeure*, a choice dictated by overwhelming circumstances. The target has a choice, but one that is skewed if he accepts that the consequences of non-compliance will be a denial of future choice.[213]

In contrast, strategic corruption aims not simply at one-off control, but at retaining the structure of on-going bargaining and even amicable association. It creates a pretense of equality and reciprocity, disguising the power relations within a transactional relationship.

Why do criminal groups bother to keep up this fiction? Why not just threaten officials into submission? The traditional answer, drawn from economic analysis, is that corruption is cheaper over the long term. As the economic historian of Venice, Frederic Lane, explained, commercial enterprises are likely to pay tribute (bribes) to a higher political authority, rather than pay for their own armed protection, where the cost of tribute is lower than the rent they accrue from the resulting protection thus afforded. (That rent can be measured in terms of the change in production and distribution costs as a result of prevented violence.[214]) Structuring the exchange as a voluntary one helps to reduce the criminal actor's enforcement costs, which would otherwise depend on on-going monitoring and retention of a credible threat, until the target exercised her discretion in the

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[211] See Gaetano Mosca, 'Che cosa è la mafia', in *Uomini e cosi di Sicilia* (Palermo, 1980), p. 12; and Lupo, *History*, p. 15.
[212] Quoted in Gambetta, p. 21.
[213] Freedman, *Strategic Coercion*, pp. 17, 23.
[214] Frederic Lane, 'Economic consequences of organized violence', *Journal of Economic History*, vol. 18 (1958), pp. 401-417.

preferred manner. Seen from an industrial perspective, corruption thus represents an attempt to purchase the loyalty of upstream suppliers of protection, bringing them within the criminal group's supply chain and lowering its overall business costs.[215]

But corrupt exchanges have political effects that other commercial exchanges do not. They make the parties rely on each other to keep the exchange hidden. The result is a special kind of clandestine allegiance.[216] Robert and Pamela Bunker have astutely described this as a Faustian bargain, from which there is no turning back.[217] As the Kefauver Committee put it in 1951, 'It is axiomatic in the underworld that once a public official' has corruptly exercised his discretion on one occasion, 'thereafter the underworld owns him'.[218] As Joe Valachi, the first major mafia informant in the US said, 'once you are in, you can't get out'.[219] As one Italian convicted of corruption put it, 'I found myself in a mechanism that had a life of its own'.[220] Corruption does not generate control of territory, but rather complicity, the basis of criminal loyalty.[221] It is a kind of subversion.[222] As a strategic capability, corruption is thus neither 'hard power' (coercion) nor what Joe Nye calls 'soft power', which relies on affinity and persuasion.[223] It is better thought of as a source of 'hidden power', creating clandestine norms and expectations against which the subject *self*-regulates. It is, in other words, the foundation of criminal governmentality, through which individuals secretly 'conduct their own conduct', to recall Foucault's term.

Corruption works by aligning the victim's own incentives with the criminal organization's success; by remaking the individual as a subject within the hidden criminal system, a participant in an 'underworld'. This is not just a question of

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[215] Smith, 'Illicit Enterprise'; and see A.R. Dick, 'When Does Organized Crime Pay? A Transaction Cost Analysis', *International Review of Law & Economics,* vol. 15, no. 1 (1995), pp. 25-45.
[216] Donald R. Cressey, 'The Functions and Structure of Criminal Syndicates', in President's Commission, *Task Force Report: Organized Crime*, pp. 29, 47; Della Porta and Vannucci, p. 249.
[217] Pamela L. Bunker and Robert J. Bunker, 'The Spiritual Significance of ¿Plata o Plomo?', *Small Wars Journal*, 4 June 2011.
[218] Kefauver Committee, *Report*, p. 163.
[219] McClellan Hearings, Part 1, First Session, p. 119.
[220] Della Porta and Vannucci, pp. 249-255.
[221] Gambetta, p. 33; Raimondo Catanzaro, *Men of Respect: A Social History of the Sicilian Mafia* (New York: The Free Press, 1988), p. 29.
[222] Compare Thomas Rid, *Cyber War Will Not Take Place* (New York: Oxford University Press, 2013), pp. 131-132.
[223] Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York: PublicAffairs, 2004).

psychological and ideational incentives, but also extends to a variety of behavioural techniques and practices intended to bind the target into the criminal system. Criminal organizations have, for example, developed a surprising array of financial mechanisms binding supporters and collaborators together. Both the Neapolitan Camorra and Afghan drug traffickers have developed sophisticated pricing and subsidy mechanisms designed to force legal producers to become suppliers to criminal supply chains.[224] Michael Ross describes the use of what he calls 'booty futures' – i.e. a stake in the control of future criminal rents looted through war – as a capital-raising technique to attract illicit investment in aggressive resource capture schemes in Africa.[225] Somali pirates 'offer' coastal communities the opportunity to crowd-fund piracy operations, receiving a share of the pirate booty in return.[226] The Nuvoletta clan created a retail shareholder scheme for distributors in the cocaine market around Naples; and the Di Lauro clan adopted an Amway style 'circle' distribution arrangement, giving distributors (and not just suppliers) a commercial stake in promoting the criminal order.[227]

Communications

A review of the existing literature also hints that effective criminal organizations will develop processes for communicating with target audiences in ways that change the circumstances of other strategic actors (including the state), and give the criminal group competitive advantage over them.[228] Strategic communications frequently involve shaping the normative order, through efforts designed to legitimize and normalize criminal conduct and criminal influence within the upperworld. They aim, in other words, at enlarging the sphere of criminal governmentality.

To date this aspect of criminal organization has received limited attention. Many authors treat criminal groups' interest in public relations and self-promotion as a response to a psychological, rather than a strategic, need. Robert Lacey, the

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[224] On the Camorra see Saviano, pp. 50-51.
[225] Michael Ross, 'How do natural resources influence civil war? Evidence from thirteen cases', *International Organization*, vol. 58 (2004), pp. 35-67.
[226] Jeffrey Gettleman, 'A Fluke of the Wind', *N.Y. Times Magazine,* 9 October 2011, pp. 36-37.
[227] Saviano, pp. 53, 66-67.
[228] On 'strategic communication' see Harry R. Yarger, *Strategic Theory for the 21st Century: The Little Book on Big Strategy* (Carlisle PA: Strategic Studies Institute, U.S. Army War College, 2006), pp. 7-8.

biographer of the Mobster Meyer Lansky, suggested for example that 'Gangsters revel in the folklore that popular culture has constructed around them' because it 'provides glamour and importance all too often lacking in their personal lives'.[229] Some analysts have explored the role that strategic communications plays in positioning criminal actors against their commercial rivals.[230] Vanda Felbab-Brown, Steven Metz, Adam Elkus and Phil Williams have all also considered the role of criminal communications during insurgency.[231] But there has been limited attention to the role of criminal communications in developing political influence or governmental power in other contexts.

The strategic function of a communications capability is the same in a criminal organization as in other power-maximizing entities. As Lawrence Freedman put it: 'The trick of the powerful is to rule by encouraging the ruled to internalize the ruler's own values and interests.'[232] A communications capability is thus critical for a criminal organization to develop what Colin Gray has called the 'social dimension of strategy'.[233] Effective strategic criminal organizations go beyond a mere strategy of social influence and public relations, to one of governmentality. Criminal leaders often become legitimized as all-knowing father-figures dispensing unknowable, yet forceful justice.[234] They create alternative – though secret – social narratives, framed around justice claims, operationalized in specific behavioural codes such as the Sicilian mafia's code of *omertà* (silent non-cooperation with the state) which govern their members and supporters' behaviour. As Falcone put it, through these narratives and codes, these groups function as hidden 'societies'.[235]

In many cases, criminal organizations seem to achieve this goal by becoming socially 'embedded', adapting and manipulating existing social narratives and structures.[236] In Italy and Russia, for example, mafias have co-opted Christian

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[229] Lacey, p. 319.
[230] Gambetta, pp. 47-52, and see pp. 127-155 on 'trademarks'.
[231] Felbab-Brown, *Shooting Up*; Metz, *Rethinking Insurgency*; Sullivan and Elkus, 'Strategy and insurgency'; Williams, 'Insurgencies and Organized Crime'.
[232] Freedman, 'Strategic Studies and the Problem of Power', p. 285.
[233] Colin Gray, *Modern Strategy* (New York: Oxford University Press, 1999), p. 17.
[234] Hess, *Mafia and Mafiosi*, p. 13; Arlacchi, *Mafia Business*, p. 14.
[235] Giovanni Falcone with Marcelle Padovani, *Cose di Cosa nostra* (Milan: Biblioteca Universale Rizzoli, 1991), p. 37.
[236] Mattina, pp. 237-238.

authority symbols.[237] Criminal narratives and media outreach also help to normalize illegality and violence. Saviano offers an account of the Camorra's deliberate use of the media during the 'Secondigliano War' in Naples to normalize the ongoing violence.[238] And as we explore further in Chapter 10, Mexican drug cartels, likewise devote considerable attention to promoting a social culture of death and criminal power, in particular through the popularization of 'narcoballads', and through targeted attacks on traditional and social media outlets that dare to question cartel conduct or power.[239]

By stoking fear, strategic communications can also prime demand for protection. Criminal groups seek to generate legitimacy by providing livelihoods, social mobility, physical security and protection of property, or even social services such as disaster relief (the *yakuza*), welfare payments (criminal groups in Colombia), or medical services (Haitian gangs). Once criminal groups are seen as providers of livelihoods and public goods and services, the state is confronting a true rival for its population's allegiance.[240] And once that rival is seen as an alternative source of norms, the state is in deep trouble: when a government loses its power to secure support for the norms it promotes, then it is 'on the road to having to rely on brute force'.[241]

Strategic communications may also be shaped by the nature of the rents sought. Rents that require broad-based labour inputs – such as agricultural drug production, or illicit alluvial mining – may require a criminal group to wield broad-based social control over the labour-force.[242] Broader, public communications capabilities may be required. In contrast, rents that require control only of limited trafficking sites, or decision-making by a small number of highly-placed state officials – for example to prevent law enforcement interference with trafficking activities – may not require such broad communications capabilities, but rather ones more narrowly targeted towards high-level state officials. These may focus on

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[237] See Saviano, pp. 226-228; Alessandra Dino, 'For Christ's sake: Organized crime and religion', in Allum and Siebert, pp. 161-174.
[238] Saviano.
[239] Charles Bowden, '"We Bring Fear", *Mother Jones* (July/August 2009), pp. 29-43; Elyssa Pachico, 'The Top 5 Most Infamous Narco-Songs', *InSight Crime*, 15 March 2012; on attacks on social media see Hannah Stone, 'The Zetas' Biggest Rival: Social Networks', *InSight Crime*, 28 September 2011.
[240] See Felbab-Brown, 'Conceptualizing'.
[241] Freedman, *Deterrence*, p. 73.
[242] Felbab-Brown, *Shooting Up*.

campaign support and efforts to create private influence and hidden social capital.[243] It may be that different criminal groups operating in the same space develop different approaches to communications, since they focus on different rents. And as different criminal rents become available, the same criminal group may need to alter its communications strategy. Dennis Rodgers describes, for example, a shift in *mara* strategic communications in Nicaragua, as gangs have shifted away from taxing local protection rackets, towards taxing transnational drug flows.[244]

Command and control

Effective strategy requires not only the development of capabilities, but also their combination and control. The inherently risky and clandestine nature of criminal organization poses special challenges for command and control.[245] In the absence of the dispute-resolution functions of the state, and the strong corrosive presence of greed, criminal organizations are constantly susceptible to betrayal, defection and fragmentation.[246] They face an uphill battle recruiting members and maintaining loyalty.[247] The profit motive can radically undermine discipline and internal cohesion. Even ideologically-inspired political insurgencies seem to have a tendency to devolve into criminal organizations over time, as financial incentives displace political goals.[248] As Samuel Huntington noted 40 years ago: 'The criminalization of political violence is more prevalent than the politicization of criminal violence.'[249]

Many criminal organizations accordingly develop highly personalized command and control systems, closely tied to their leaders.[250] Yet the need for

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[243] Sciarrone.
[244] Dennis Rodgers, 'Youth gangs and perverse livelihoods strategies in Nicaragua: challenging certain preconceptions and shifting the focus of analysis', Paper presented at the World Bank Conference, 'New Frontiers of Social Policy: Development in a Globalizing World', Arusha, Tanzania, 12-15 December 2005, pp. 15-17.
[245] Mette Eilstrupp-Sangiovanni and Calvert Jones, 'Assessing the Dangers of Illicit Networks: Why al-Qaida May be Less Threatening Than Many Think', *International Security,* vol. 33, no. 2 (2008), pp. 7-44.
[246] Paoli, 'Paradoxes', p. 87.
[247] Michele Polo, 'Internal cohesion and competition among criminal organisations', in Fiorentini and Peltzman, pp. 87-109.
[248] Williams, 'Insurgencies and Organized Crime', pp. 44-46, 58-60.
[249] Samuel P. Huntington, 'Civil violence and the process of development', *The Adelphi Papers,* vol. 11, issue 83 (1972), p. 15.
[250] Rune Henriksen and Anthony Vinci, 'Combat Motivation in Non-State Armed Groups', *Terrorism & Political Violence,* vol. 20, no. 1 (2007), p. 88.

secrecy can also encourage the dispersal of risk away from the leadership. Flatter, cellular network structures may be less easily disrupted by competitors (including law enforcement) – but they may also facilitate defection. The tension between these two imperatives – towards centralization for control, and towards decentralization for resilience – seems to give rise to a recurring strategic solution amongst criminal organizations: decentralized decision-making guided by a common culture – or governmentality – and centralized sanctioning power.[251] Strategic criminal groups often adopt two-tier network structures, with an insulated 'core' providing general guidance and sanctioning misconduct, while a much larger network engages in semi-autonomous business.[252] In periods of stability, lower-level commercial and military activity may be conducted throughout the network, with the 'core' engaged in more consequential strategic direction setting – such as internal governance and handling external relations with higher-level state actors. When the organization is under attack, temporary centralization and creation of a more responsive command-and-control chain may however be necessary.[253] In Central America, for example, gang warfare between MS-13 and the Eighteenth Street Gang, and the adoption of *mano dura* (heavy hand) policies by state actors forced the diffuse *mara* networks to develop more cohesive command and control systems.[254] Similarly, in Naples, competitive pressures forced the centralization of the Di Lauro clan, moving from a liberal management system of autonomous cells to a wage-based hierarchy.[255]

When not operating in this more centralized mode, however, criminal networks often depend on their shared governmentality, sometimes codified into explicit but secret norms, to guide their members' decentralized decision-making. This clandestine governmentality depends on trust – the scarcest of commodities in the underworld.[256] Trust supplements violence as the basis for criminal command and control.[257] The sinews of criminal organizations typically follow the contours of

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[251] Southerland and Potter, p. 262; Fiorentini and Peltzman, 'Introduction', pp. 12-13.
[252] Williams, 'The Nature', p. 154.
[253] Southerland and Potter, pp. 258, 260.
[254] José Miguel Cruz, 'Central American maras: from youth street gangs to transnational protection rackets', *Global Crime,* vol. 11, no. 4 (2010), pp. 389-393.
[255] Saviano, pp. 74-78.
[256] Gambetta, p. 17.
[257] Paoli, 'Paradoxes', pp. 78-81; Skaperdas and Syropoulos, pp. 75-76.

trust networks born in common family, clan, childhood or prison experiences.[258] For example, Sicilian mafia slang for prison is '*cunvittu*' – convent, or boarding school – reflecting the perception that time served in prison works not only to isolate its boarders from broader society, but to provide a common socialization or education.

Criminal organizations institutionalize trust through initiation rituals designed to inculcate a sense of in-group and out-group identity, and create an 'imagined community' beyond the state.[259] To express the resulting obligations of loyalty, these initiation processes are often framed in terms of kinship rituals – for example induction into a *mafia* 'brotherhood' and adoption by a 'godfather'. In the Japanese *yakuza*, each criminal group is called a family (*ikka*) and hierarchical relationships are expressed in familial terms of protection and obedience.[260]

In most cases, these families – and criminal power – are utterly patriarchal. Many criminal structures idealize women as embodiments of traditional ideals such as family, honour, purity and respect; but this typically serves to objectify and subjugate women, denying them agency within criminal power structures, instead treating them as passive bystanders to men's choices. Women are routinely and ritually instrumentalized in men's often violent pursuit of criminal power. Some criminal organizations even use inter-marriage to build bonds of trust in conditions of anarchy – just as do tribes, royal families and terrorist networks such as Al Qaeda.[261] Marrying women off to other criminal actors serves as a hedge against distrust, by increasing the time horizon over which potential rivals will assess returns. It follows a similar logic to free market actors' decision to join a firm: as Ronald Coase explained, firms institutionalize and reduce transaction costs and free up resources that can then be used for external action. So do marriage alliances.

But this logic can also work in reverse: as Williams has shown in Mexico, strategic competition between drug cartels is overlaid at times by 'blood feud' logic, like the two decade-long feud between Chapo Guzman and the Arellano Felix

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[258] Peter A. Lupsha, 'Networks Versus Networking. Analysis of An Organized Crime Group', in G. P. Waldo, ed., *Career criminals* (Beverly Hills: Sage, 1983), pp. 74-76.
[259] Rodgers, pp. 10-13.
[260] Hiroaki Iwai, 'Organized crime in Japan', in Robert J. Kelly, ed., *Organized Crime: A global perspective* (Totowa, NJ: Rowman and Littlefield, 1986), pp. 214-216.
[261] Phil Williams, 'Transnational Criminal Organizations: Strategic Alliances', *Washington Quarterly,* vol. 18 (1995), pp. 57-72; Phil Williams, 'Cooperation Among Criminal Organizations', in Berdal and Serrano, pp. 67-80; Radden Keefe, p. 41.

organization.[262] The creation of in- and out-groups can develop an irreversible momentum, reducing criminal organizations' flexibility in positioning themselves relative to the external environment. And the treatment of women as passive bystanders also carries significant risks, because it overlooks the power that women *do* in fact enjoy, both in their own right, and as shapers of male choices through their embodiment of governmental values such as family loyalty. In Chapter 5 we will see how costly this can be, when a male criminal leader – Lucky Luciano – fails to account for the possibility that female sex workers might betray him to the state. Interestingly, male criminals' obliviousness to female agency within their own lives also seems to open up the possibility of women helping to change their strategic outlooks, helping to woo them away from a life of violence – as has been used successfully in counter-terrorism efforts. We explore this possibility briefly in Chapter 10.

The framing of criminal organization in terms of fictive kinship also, sadly, facilitates the integration of children. Children cost less to feed, do not necessarily expect payment, and are generally more impressionable and less demanding on organizational monitoring and disciplinary systems.[263] And the incorporation of children also strengthens a group's ties to the broader community, through their (biological) families.[264]

The transformation of an individual's identity through entry into a criminal organization also resembles entry into a new family in other ways. Whereas legitimate business firms are built on 'purposive contracts' of limited effect, organized crime enterprises are built on 'status contracts' which, in Max Weber's terms, 'involve a change in what may be called the total legal situation (the universal position) and the social status of the persons involved'.[265] As Letizia Paoli puts it,

> with the entrance into the [criminal] group, the novice is required to assume a new identity permanently and to subordinate all his previous allegiances to the [criminal group] membership. It is a life-long pact.

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[262] Phil Williams, *From the New Middle Ages to a New Dark Age: The Decline of the State and U.S. Strategy* (Carlisle PA: Strategic Studies Institute, 2008), pp. 16-17.
[263] Bernd Beber and Christopher Blattman, 'The Logic of Child Soldiering and Coercion', *International Organization*, vol. 67 (Winter 2013), pp. 65-104.
[264] See Saviano, pp. 105-106.
[265] Weber, *Economy and Society*, p. 672.

Initiation magically transforms the individual, changing them from being subjects of one governmental system into subjects of another. It is in a sense a 'religious conversion' in Giovanni Falcone's terms, a permanent Faustian bargain, a permanent submission to the governmentality of the criminal group. As the *pentito* Antonino Calderone was told when he was initiated,

> One cannot leave, one cannot resign from the Cosa Nostra. You'll see for yourselves, in a little while, how one enters with blood [i.e. a ritual pricking of the finger]. And if you leave, you'll leave with blood because you'll be killed. One cannot abandon, cannot betray, the Cosa Nostra, because it's above everything.[266]

The indelible nature of the transformation is sometimes represented through external marking: Russian and Japanese organized crime, outlaw motorcycle gangs, and the *maras* all use tattoos to this effect. They publically (and thus undeniably) brand the individual as the permanent subject of an alternative governmental (even cosmic) order. Of course, this also impedes operational secrecy; for that reason, some Central American *maras* now appear to be dispensing with the use of publicly visible tattoos.

Criminal corporate cultures are governmental, in the sense that they rely heavily on the subject's self-regulation to ensure their behaviour accords with shared norms. The obligations of a member of the group are frequently informal and learned through participation and osmosis. But they may also be made explicit, through codes and constitutions.[267] Criminal governmentality provides a common operating system that can sustain even quite decentralized operational activity.[268] As R.T. Naylor has explained, financial ties within criminal groups are frequently the loose ties of an association or society, rather than the tighter ties of a firm – more Rotary Club than Standard Oil.[269] Once the subject has bought into the criminal system, they may in fact enjoy quite a large degree of autonomy, with the core leadership operating more like a clan head or market regulator than the

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[266] Pino Arlacchi, *Men of Dishonor: Inside the Sicilian Mafia. An Account of Antonino Calderone* (New York: William Morrow and Company, Inc., 1993), p. 68; see also Gambetta, pp. 146-155.
[267] Leeson, *The Invisible Hook*, pp. 45-81; Peter T. Leeson and David B. Skarbek, 'Criminal Constitutions', *Global Crime,* vol. 11, no. 3 (2010), pp. 279-297; Cressey, 'Functions and Structure', pp. 41, 52.
[268] Southerland and Potter, p. 262. See also Fiorentini and Peltzman, 'Introduction', pp. 12-13.
[269] Naylor, *Wages*, pp. 22-24.

commander of an army.[270]

Recognizing the strategic function of governmentality in criminal organization may also suggest certain limits to criminal power. Off-shore ventures may be constrained by the group's ability to transnationalize a trust network or export a specific governmentality. Diaspora and immigrant networks are, for this reason, a recurring path of criminal internationalization; the development of criminal off-shoots in entirely foreign environments from overseas appear to be less common – though as we shall see in Part Two, not entirely unfeasible.[271]

Conclusion

This Chapter has developed a framework for understanding the development and decision-making of criminal groups in strategic terms. Based on an extensive review of existing scholarship, it suggests that some criminal groups may pursue governmental power through the strategic development and combination of the capabilities of coercion, corruption and communications. Strategic decisions may emerge through the complex interaction of individuals within criminal networks, coalescing in some circumstances into more hierarchical criminal organizations.

The question is whether this analytical framework can help to explain the decision-making and development of specific groups found in the historical record. Part Two seeks to answer this question through a careful analysis of a series of episodes in the activities of the Sicilian and American mafias, in New York, Sicily and the Caribbean in the 19th and 20th centuries. Part Three returns to the question of how these mafias positioned themselves in relation to other governmental rivals, such as states, and what this may imply for how theorists and practitioners approach strategy, efforts to combat organized crime, and the management of spoilers in peace and transition processes.

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[270] Barbara Alexander, 'The Rational Racketeer: Pasta Protection in Depression Era Chicago', *Journal of Law & Economics,* vol. 40 (1997), pp. 175-202.
[271] Felia Allum and Renate Siebert, 'Organized crime: a threat to democracy?', in Allum and Siebert, pp. 2-3; see also Morselli, 'The Mobility' (2010); Carlo Morselli, Mathilde Turcotte and Valentina Tenti, 'The mobility of criminal groups', *Global Crime,* vol. 12, no. 3 (2011), pp. 166-167; and Varese, *Mafias on the move*.

Part Two: Episodes in Criminal Strategy

3. Mafia origins, 1859-1929

'The King of Italy might rule the island but men of my tradition govern it.'
Sicilian mafia saying[272]

Gangi, a Sicilian village on a steep hilltop half way between Palermo and Mount Etna, is largely unremarkable. In January 1926, however, it was the venue for a remarkable scene: the Italian state besieging its own citizens. Fascist paramilitary units surrounded the village, cut off its water supplies and took women and children hostage, refusing to release them until their male relatives, hiding in the town, surrendered. Within two weeks, 450 arrests had been made. 149 people were detained for trial. Two committed suicide. The rest were held for two years before trial. Seven men received life sentences with hard labour; eight received 30 years' imprisonment. Two women received 25-year sentences, and most of the rest five to ten years' imprisonment. International reaction was swift – and approving. This was, *The New York Times* proclaimed, 'one of Premier Mussolini's great achievements' – an apparently decisive blow against the 'mafia'.[273] What was this 'mafia', and why was it perceived as such a grave threat?

In late 1925, the Italian state was undergoing a constitutional transformation. Benito Mussolini's evolution from Italy's Prime Minister to fascist dictator was well advanced. A law adopted on Christmas Eve 1925 made him responsible only to the King, not to Parliament, and replaced locally elected mayors with *podestàs* appointed by the Senate, which he controlled. By late 1926 political parties had been banned. It seemed that little impeded *Il Duce*'s drive for total power.

Except in the south, in the poor, agrarian Mezzogiorno provinces of Campania, Apulia, Calabria – and above all in Sicily. A 1924 visit to Palermo had convinced Mussolini that Sicilians, in particular, did not adequately respect the state,

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[272] Quoted in Selwyn Raab, *Five Families: The Rise, Decline, and Resurgence of America's Most Powerful Mafia Empires* (New York: St. Martin's Griffin/Thomas Dunne Books, 2005), p. 17.
[273] See Arnaldo Cortesi, 'The Mafia Dead; A New Sicily is Born', *N.Y. Times Magazine*, 4 March 1928, pp. 10-11; John Dickie, *Cosa Nostra* (London: Palgrave Macmillan, 2005), pp. 144-147; Tim Newark, *Mafia Allies: the true story of America's secret alliance with the Mob in World War II* (St Paul, MN: Zenith Press, 2007), pp. 22-50; Catanzaro, pp. 108-112; and Ezio Costanzo, *The Mafia and the Allies: Sicily 1943 and the Return of the Mafia*, tr. George Lawrence (New York: Enigma, 2007), pp. 37-38.

and instead offered allegiance to a shadowy, alternative local power: the clandestine fraternal organization known as the 'mafia'. Such a concentrated source of power outside the state was anathema to the fascist vision of totalitarian governmental power. It could not be tolerated. 'Your Excellency has carte blanche', Benito Mussolini telegraphed to Cesare Mori, his new Prefect in Palermo, on his appointment in October 1925:

> The authority of the State must absolutely, repeat absolutely, be re-established in Sicily. If the laws still in force hinder you, this will be no problem, as we will draw up new laws.[274]

This was the go signal for Mori's iron-fisted crackdown. Over four years, some 11,000 people were imprisoned on suspicion of mafia ties.[275] Twenty major trials were held. One sentenced 244 people to a total of 1,200 years in prison. Mori came to be known as the 'Iron Prefect', making liberal use of torture and the *confine*, exile without charge on islands off Sicily.[276]

The siege of Gangi seems all the more remarkable, now that we know from first hand accounts that a notable landowner had, a month earlier, negotiated a mass surrender of the local mafia leadership.[277] The siege of Gangi was not an operational necessity: it was an exercise in strategic communication. As the Sicilian mafia historian Salvatore Lupo has explained, Mussolini and Mori considered that

> In order to win on the terrain of folk values, the state had to gain itself a degree of 'respect' by behaving in a more *mafioso* fashion than the *mafiosi* themselves.[278]

Mori had understood that the mafia's power stemmed from its social influence and the normalization of 'mafioso' culture. If the state wanted to beat the mafia in the market for government, it had to win back the hearts and minds of the Sicilian people. It had to win in the terrain of governmentality.

This chapter explores the origins of the Sicilian mafia's governmental power in Italy's post-unification political and economic transitions, and explains how

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[274] Quoted in Arrigo Petacco, *L'uomo della provvidenza: Mussolini, ascesa e caduta di un mito* (Milan: Mondadori, 2004), p. 101, author's translation.
[275] Costanzo, p. 38; Newark, *Mafia Allies*, p. 45; Lupo, *History*, p. 174.
[276] Newark, *Mafia Allies*, pp. 43, 48; FBI, '*Mafia Monograph*', July 1958, FBI Vault, Section I, pp. viii, 44.
[277] Aristide Spanò, *Faccia a faccia con la mafia* (Milan: Mondadori, 1978), pp. 42 et seq. See also Lupo, *History*, pp. 174-175.
[278] Lupo, *History*, p. 175.

mafia emigration reproduced mafia governmentality, organization and power in New York. The chapter draws on a mixture of secondary sources, Italian and US governmental inquiries – and the first-hand accounts of mafiosi in both Sicily and New York, notably those of mafia leaders Joseph Bonanno and Nicola Gentile, the reliability of which has previously been tested and demonstrated.[279] Both accounts are particularly useful to our inquiry, because both men were initiated into the Sicilian mafia before moving to the US and taking on leadership roles there. They both later moved back to Sicily to warm mafia welcomes. Both represented, in other words, authoritative voices within the mainstream mafia tradition on both sides of the Atlantic. As mafiologist John Dickie has pointed out, Gentile's often overlooked autobiography in particular offers an unparalleled understanding of 'the laws of motion of the mafia … because his survival and success depended on that understanding'.[280]

Accounts provided by the lower-level mafia soldier Joe Valachi are also used in this chapter, but treated more cautiously.[281] As a *soldato* rather than a *capo*, Valachi was not privy to higher strategic decision-making processes within the mafia – only their results. Yet Valachi's account, the accounts of Sicilian *pentiti* such as Antonino Calderone and Francisco Marino Mannoia, and those of American mafia informants such as Mikey Franzese and Joe Cantalupo all provide rich, highly corroborative, detail on matters of organization, culture and outlook.[282] Finally, there is the special case of *The Last Testament of Lucky Luciano*, purportedly based on unrecorded interviews the New York mafia leader Salvatore Lucania (a.k.a. Charles 'Lucky' Luciano) allegedly gave the screenwriter Martin Gosch shortly before both died.[283] The book represents the interpretation of Gosch's interview notes by Richard Hammer, a journalist Gosch had brought in on the project.[284] While the main timelines established by the book seem sound, Richard Warner has established that numerous small details and several longer passages in *The Last*

[279] Bonanno; Gentile.
[280] Dickie, *Cosa Nostra*, p. 183.
[281] See Maas, *The Valachi Papers*; and also Valachi's testimony in McClellan Hearings.
[282] Arlacchi, *Men of Dishonor*; Michael Franzese and Dary Matera, *Quitting the Mob* (New York: HarperCollins, 1992); Joseph Cantalupo and Thomas C. Renner, *Body Mike: The Deadly Double Life of a Mob Informer* (New York: Villard Books, 1990); Joe Pistone with Richard Woodley, *Donnie Brasco: My Undercover Life in the Mafia* (New York: New American Library, 1987).
[283] Gosch and Hammer.
[284] See Tim Newark, *Lucky Luciano: the real and the fake gangster* (New York: Thomas Duane Books, 2010), pp. 261-265.

Testament do not stack up against independent evidence.[285] Accordingly, this dissertation does not rely solely on *The Last Testament*, or indeed on other sources based only upon *The Last Testament*, for any point of analytical significance.

Origins

Profiting from transition

On 11 May 1860 a former resident of New York's Staten Island landed on the western-most tip of Sicily with a thousand red-shirted revolutionaries. Giuseppe Garibaldi had come to assist an uprising against the Kingdom of the Two Sicilies. As his rebel army marched across Sicily, it was joined by several *Squadri della Mafia* – squads of *mafia*, a term which, at the time, meant something like 'braves'. By September 1860 Garibaldi's army had conquered Sicily and southern Italy, including Naples. In October, Garibaldi turned it all over to the Sardinian King Vittorio Emmanuele II who, in March 1861, became the King of Italy. It was the first time in 13 centuries that Italy had been politically unified.

Unification upended both the political and social orders of southern Italy. Though legislative initiatives over the preceding half-century had aimed to unwind the feudal structure of the Kingdom of the Two Sicilies' economy, wealth and markets remained tied to huge rural landholdings, the *latifundias*, owned by absentee aristocratic landlords. Post-unification governments, dominated by forces from Italy's industrializing north, quickly set about the liberalization of landholdings and markets in the south. But legislative decrees from Rome were not matched by state power or presence on the ground in the south. The reform initiatives ran up against the realities of how Sicily and the other Mezzogiorno provinces were governed. As Sicilian mafiosi still say today, '*La presenza è potenza*': Presence is power.[286]

Absentee landlords, including the Church, had long relied on local strongmen to manage their estates and to protect them from others' violence. These

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[285] Richard N. Warner, 'The last word on "The Last Testament"', *Informer*, April 2012, pp. 5-33. See also Anthony Scaduto, *"Lucky" Luciano* (London: Sphere, 1976), pp. 197-208; and Lacey, p. 451.
[286] Dickie, *Mafia Republic*, p. 423.

strongmen were organized first as local *guardiani* (guard militias) and after the formal abolition of feudalism in 1812 as tenants (*gabellotti* – i.e. 'rentpayers') and stewards.[287] These leaseholders had relatively free rein to use violence against local peasants, and an incentive to maximize their own rents. This they did by driving down the rent their formal overlords demanded of them – through threatening reduced output, or outright revolt – and by maximizing the rent they could extract from their own subtenants, often small land-holding peasants.[288] Much of the countryside was consequently ruled by protection rackets, in which violent entrepreneurs aspiring to be appointed as *gabellotti* (or already colluding with them) manufactured threats through vandalism, robbery or kidnapping, and then, having hidden their involvement, encouraged the absent landlord to pay them for protection.[289] The pattern became ritualized.

The result was the emergence of a class of local strongmen brokers: men whose control of coercion turned them into problem-solvers, dispensers of patronage, informal local political authorities. The mafia *pentito* Nino Calderone recounted, a century later, how he and his brother, a local mafia boss, would joke about setting up a sign outside their office, where they received streams of visitors seeking their support and backing, labelled 'Welfare Office'.[290] Despite post-unification efforts to establish public institutions in Sicily's interior, these *mafiosi*, as they had become known, maintained their role as informal local governors, extracting tribute in return for the provision of rough justice and access to the state and its services.

Disputes between local mafiosi could resemble low-level armed conflict. A feud between two mafia groups in Monreale and Bagheria lasted from 1872 to 1878, killing dozens and displacing hundreds.[291] Post-unification governments adopted a strategy that presages the approach we now see adopted in contemporary conflict-affected contexts such as Kosovo and Afghanistan: they commissioned some of these groups to take on formal policing functions, enlisting the most violent bands as paramilitary auxiliaries of the state. Yet this proved as counterproductive in

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[287] Raab, p. 17.
[288] Pantaleone, pp. 28-30.
[289] Raab, pp. 15-16; Dickie, *Cosa Nostra*, pp. 37-44, 48-51; Hobsbawm, *Primitive Rebels*, pp. 40-41.
[290] Arlacchi, *Men of Dishonor*, p. 149.
[291] Pantaleone, pp. 35-36.

Sicily as it arguably has in Kosovo and Afghanistan. As the nineteenth century Tuscan researcher Leopoldo Franchetti concluded after a visit to southern Italy, by failing effectively to monopolize violence, the state had allowed others into the market – and allowed violence to enter the broader political economy.[292] What emerged in response was not, initially, a hierarchical organization, but rather myriad entrepreneurial groups who slowly coalesced around a common mafia strategy and repertoire.[293]

The mafioso's power lay not, as is sometimes suggested, in *isolated* territorial control of *latifundia* separated off from state power, but rather in the control of a territory and population that was *connected* to external markets. Some post-unification bandits and brigands did control and tax local economies like warlords. What differentiated those that survived as mafia was their adaptation of coercion from this focus on local autonomy to a role more focused on brokering the flow of goods from those rural landholdings to consumption markets in the littoral cities and overseas. Mafia power emerged in the established wheat and olive supply-chains that, with new capital investments by northern industrialists, were being repurposed to sell citrus and sulphur – crucial in the galvanization of rubber – into export markets. Mafia networks also developed hidden inside the family-based commercial networks connecting rural *gabellotti* to urban fruit-sellers and bankers and lawyers.[294] Middle and upper class actors were drawn into mafia webs both through direct coercion and extortion, and through the weakness of their control over their estates, which gave mafia actors space to make them complicit in criminal activity such as trading in stolen goods.[295] As the British historian Eric Hobsbawm has explained, the mafia emerged out of a '*modus vivendi* with northern capitalism'. It was a product of Sicily's integration into a modernizing Italian political economy dominated by northern Italian capital.[296]

This economic transformation – and the mafia's brokering role – was, from

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[292] Leopoldo Franchetti, *Condizioni politiche e amministrative della Sicilia*, vol. 1 of Leopoldo Franchetti and Sidney Sonnino, *La Sicilia nel 1876: Inchiesta in Sicilia*, 2 volumes (Florence: O. Barbera, 1877); see also Dickie, *Cosa Nostra*, pp. 57-60. On Franchetti see Lupo, *History*, pp. 62-69.
[293] Gambetta, op. cit.
[294] Dickie, *Cosa Nostra*, pp. 37-51; Lupo, *History*, pp. 8-9, 17-18, and Chapters 2 and 3; Hobsbawm, *Primitive Rebels*, pp. 34, 38-40; Hobsbawm, *Bandits*, p. 87; Arlacchi, *Men of Dishonor*, pp. 53-56; Pantaleone, pp. 38-40; Catanzaro, pp. 15-16;
[295] Catanzaro, p. 17.
[296] Hobsbawm, *Primitive Rebels*, pp. 42-43.

the outset, nested within the newly unified political structures of the Italian state. As James Fentress has shown, early mafiosi used political patronage strategies, clandestine organizational techniques and social networks acquired during cooperation with Garibaldi and other clandestine revolutionary forces between 1848 and the early 1860s. Indeed, in Fentress' account, many of the early mafiosi *were* revolutionaries who, after unification, turned away from politics to organize crime.[297] By the 1870s, Fentress has shown, an established pattern of corrupt exchange between mafiosi, politicians and officials, especially police, had emerged. Politicians ensured that officials did favours for mafiosi and their economic allies; the mafiosi, in turn used their coercive power to deliver electoral outcomes. Michele Pantaleone, a noted anti-mafia activist, remembered that in the first part of the twentieth century,

> election campaigns were ushered in with threatening letters, robberies, cattle-killing, crop, hay-loft and rick firing, the felling of trees, the cutting down of vines, and the pollution of water in wells and cisterns.[298]

Democratic politicians in unified Italy quickly became dependent on these mafia intermediaries for access to local votes. Mafia gangs' operational areas soon coincided with electoral districts, as the mafia-backed *gabellotto* became the 'chief elector' for his political 'friends'.[299] One hundred years later, the mafia *pentito* Nino Calderone explained that a similar electoral logic was still in place, using Palermo as an example: with 1,500 to 2,000 operational mafiosi in the city, and each mustering 40 to 50 votes through family and friends, the mafia controlled a package of 75,000 to 100,000 votes, even before intimidation of the broader public was considered.[300] Of course, in the nineteenth century, when suffrage was limited to propertied men, the social network needed to develop political capital was even smaller. Failure to cooperate with the mafias could spell electoral suicide.

Post-unification politicians generally did not become members of the violent organizations they were patronizing, but rather their 'friends' and 'associates', partners in a system of corrupt exchanges.[301] So unassailable was the mafioso's

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[297] James Fentress, *Rebels and Mafiosi* (Ithaca: Cornell University Press, 2000), pp. 147-252.
[298] Pantaleone, p. 195.
[299] Pantaleone, pp. 32, 84. See also Raab, p. 17.
[300] Arlacchi, *Men of Dishonor*, p. 201. See also Gambetta, p. 184.
[301] Compare Arlacchi, *Men of Dishonor*, pp. 199-200; and Della Porta and Vannucci, *Corrupt Exchanges*.

legitimacy that he could be quite open about his political contribution. This brashness ensnared the mafia's friends in a web of complicity, encouraging them to buy-in to the silence around the mafia's criminal conduct. It was not the power of the criminal actor, but his criminality, which had to be hidden. The politician 'had good reasons for' being silent, explains Pantaleone:

> he was not only defending his votes but also safeguarding himself against the scandal which would result if the man known to be his 'chief elector' had to be tried in a court of law.[302]

Criminal power hid in plain sight, becoming embedded within an informal clientelist protection system inside the new Italian state, protected by a culture of silence - *omertà*.[303] The director of the district police for Palermo, writing in the early 20th century, stated simply that the mafia were

> under the protection of senators, members of parliament, and other influential figures who protect them and defend them, only to be protected and defended by them in return.[304]

This system gave a 'virtual license' to the mafia.[305] For northern Italian politicians, concluded the British historian Eric Hobsbawm, the south

> could provide safe majorities for whatever government gave sufficient bribes or concessions to the local bosses who could guarantee electoral victory. This was child's play for Mafia… But the concessions and bribes which were small, from the point of northerners (for the south was poor) made all the difference to local power… Politics made the power of the local boss; politics increased it, and turned it into big business.[306]

The mafia did not so much move into politics as emerge out of it. 'The history of the Mafia is essentially one of political collusion'.[307] It was embedded in the electoral and administrative systems of the unified state, serving as an instrument of political and social control -– a partner in the governmental marketplace, operating not on the basis of a territorial but rather a jurisdictional segmentation. Even peasant rebellions in the 1890s did not dislodge it. 'The tacit partnership between Rome with its troops and martial law and *mafia* was too much

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[302] Pantaleone, p. 32.
[303] Giuseppe Alongi, *La mafia: fattori, manifestazioni, rimedi* (Palermo: Sellerio, 1886/1977), p. 50.
[304] Ermanno Sangiorgi, Chief of Police, to Vincenzo Consenza, Public Prosecutor, Palermo, 'Rapporto', quoted in Lupo, *History*, p. 17.
[305] Dickie, *Cosa Nostra*, pp. 69-77; Raab, p. 16; Pantaleone, pp. 31-32; Hobsbawm, *Primitive Rebels*, pp. 42-43; Catanzaro, pp. 84-91.
[306] Hobsbawm, *Primitive Rebels*, p. 43.
[307] Pantaleone, p. 195.

for them', concluded Hobsbawm.

> The true 'kingdom of Mafia' had been established. It was now a great power. Its members sat as deputies in Rome and their spoons reached into the thickest part of the gravy of government: large banks, national scandals.[308]

Writing in December 1899 under the pseudonym 'Rastignac' in *La Tribuna*, a Milanese broadsheet, an anonymous political commentator described recent events in Sicily:

> Here was a mysterious and subtle poison… under the façade of the Mafia the power of politics was at work, and under the façade of politics the power of the Mafia was at work.[309]

Organizing the Sicilian mafia

As Franchetti explained, the democratization of violence that resulted in southern Italy from unification spawned an entire 'industry of violence'. The mafioso was an entrepreneur in that industry, an entrant into a market for illicit government with few barriers to entry. The mafioso

> acts as capitalist, impresario and manager. He unifies the management of the crimes committed … he regulates the division of functions and labour, and he controls discipline amongst the workers.… To him falls the judgement from circumstances as to whether violence should be suspended for a while, or multiplied and made more ferocious. He has to adjust to market conditions to choose which operations to carry out, which people to exploit, which form of violence to use best to achieve the desired objective.[310]

Mafiosi were, in other words, strategic organizers of crime. They were building governmental power out of crime, developing internal norms, resolving disputes, allocating resources. Steadily, a specific governmentality emerged in which autonomous mafia groups organized using common forms, ranks, codes, rituals and tactics.[311] Each mafia unit was known as a *cosca*, or 'tuft', pointing to the fact that, like tufts of grass connected by subterranean rhizomatic roots, they

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[308] *Ibid.*, p. 44.
[309] 'Rastignac', 'I discorsi del giorno: de malo in pejus', in *La Tribuna* (Milan), 15 December 1899, quoted in Lupo, *History*, p. 97.
[310] Franchetti, pp. 172-173, author's translation. See further pp. 223 et seq.
[311] This section draws on the various mafia memoires cited, and also especially on: Lupo, *History*; Blok, *The Mafia*; Hess, *Mafia and Mafiosi*; Letizia Paoli, *Mafia Brotherhoods* (New York: Oxford University Press, 2003); Arlacchi, *Men of Dishonor*, pp. 33-36; and Gambetta, pp. 111 et seq., 153 et seq.

were both autonomous and connected to a deeper, hidden network, a 'fractional form' of a larger whole, as the FBI later put it.[312]

The roots of the *cosca* being in violence, its structure was quasi-military. The leader was the *capo* (head or chief), usually above several *sottocapi* (underbosses or deputy chiefs). Each *sottocapo* oversaw several *regimi* (regiments or units, also called *decina*), each of which was led by a *caporegime* (lieutenant), and was made up of *soldati* (soldiers, also *picciotti*). Additionally, the *capo* was also usually advised by a senior *consigliere* (counsellor), a staff officer adjacent to the formal, linear command structure.[313] This militaristic terminology has misled many observers to misunderstand the system as highly centralized, hierarchical and bureaucratic – like an army. Because the system's organization was clandestine, it in fact operated more as a network or 'context of action'. Mafia 'ranks' are best understood not as fixed steps within a homogenous command structure, but rather as indicators of power differentials in a network. As an official Quebec investigation into the mafia explained in the 1970s, 'not all members of the same ranks are necessarily equal'.[314] Even within a given *cosca*, authority could be fluid and contested.

The clandestine nature of mafia criminal activities such as extortion and election rigging placed a premium on trust. Unsurprisingly, mafia *cosche* emerged out of established kinship networks. Because these groups were often found in one town or village, *cosche* were sometimes known as *borgati* (townships or burroughs).[315] Joseph Bonanno, who rose ultimately to be a senior *capo* in the New York mafia, stated simply that

> it is impossible to understand events – whether they are marriages, political alliances, or killings – unless there is some understanding – literally – of just who was related to whom.[316]

As the Sicilian economy integrated first with that of northern Italy, and then with European and trans-Atlantic markets, family networks steadily became

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[312] FBI, *Mafia Monograph*, I, p. 50. On 'rhizomatic networks' see Smith, *Utility of Force*, pp. 328-330.
[313] Compare Cressey, 'Functions and Structure', p. 34.
[314] Quebec Police Commission, *The Fight Against Organized Crime* (Montreal: Editeur Officiel du Quebec, 1977), p. 51.
[315] Paoli, p. 155; FBI, *Mafia Monograph*, I, pp. 72-74.
[316] Bonanno, p. xx.

dispersed. Recruitment morphed from actual to fictive kinship arrangements, giving rise to the *compare* or *padrino* (godfather) system in which an initiated mafioso would sponsor the membership of an outsider (often a talented prospect who had been observed for some time), under his surrogate fatherly patronage and guidance.[317] Kinship structures were also central to the secret initiation ceremony and internal disciplinary code. The initiation process appears to have been reasonably uniform across the mafia and over time – a good indicator that *cosche* arrived at their common organizational approach not by accident but as a result of organizational choice and mimicking. Initiation involved the symbolic spilling of blood through the pricking of a finger, and the swearing of a ritual oath to abide by the mafia's code – which emphasized loyalty to the group, including through silence, on pain of death and, by many accounts, a commitment not to interfere with female members of other mafiosi's families.[318]As in many criminal organizations, women were never admitted into the mafia. They were treated as passive vehicles for traditionalist values rather than seen as social agents in their own right. Even as the mafias urbanized and became more commercialized, the territorial and familial roots of the mafias' origins remained as referents of a shared heritage and identity, useful in the mobilization of loyalty and internal organization.[319] In America, *cosche* later became formally known as 'Families'. By the 1950s, through interaction between deported American Mobsters and Sicilian mafiosi (discussed in Chapter 6), that term (*famiglia*) had gained currency back in Sicily.

Mafia *cosche*, though separately run, shared a common strategic alignment vis-à-vis the state. The *capo* acquired his position through the development of a reputation for effectively resolving disputes – whether through violence or arbitration.[320] This required the acquisition of a group of followers, through personal charisma, family loyalty (including marriage), or wealth.[321] And it required a reputation for toughness and independence, an unwillingness to kowtow to the state. The esteem in which such individuals were held was demonstrated by the

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[317] Fentress, p. 173; Arlacchi, *Men of Dishonor*, pp. 21-22. See also Francis A. Ianni, 'Formal and Social Organization in an Organized Crime "Family": A Case Study', *U. Fla L. Rev.*, vol. 24, no. 1 (1971), pp. 33-34.
[318] Maas, pp. 74-77; McClellan Hearings, Part 1, pp. 181-185; Raab, pp. 3-6; Arlacchi, *Men of Dishonor*, pp. 66-69; Gambetta, pp. 146-155, 262-270; and Falcone, pp. 85-88.
[319] See for example Bonanno, p. 79.
[320] Catanzaro, p. 29; FBI, *Mafia Monograph*, I, pp. 54-55.
[321] FBI, *Mafia Monograph*, I, pp. 53-54 and II, pp. 11-13.

connotation *uomo di rispetto* ('man of respect'), or *uomo d'onore* ('man of honour').[322] Yet there was a paradox here: the more effective a mafioso's capacity to organize and threaten violence became, the more invisible was that violence. A reputation for being capable of effective violence became socially institutionalized as 'respect' or 'honour'.[323] The mafioso's power was hidden – but its source well understood. As the *pentito* Calderone put it bluntly, 'Every mafioso knows perfectly well, when all is said and done, where his power comes from.'[324] Nicola Gentile put it even more bluntly: '*Se non si è feroci non si diventa capi*.' Those who are not ferocious do not become mafia leaders.[325]

Mafia culture justified violence as the way to remain independent of an untrustworthy and unjust state, even as Sicilian politicians frequently tried to co-opt mafia values and social legitimacy. Campaigning in Palermo in 1925, former Prime Minister Vittorio Emmanuele Orlando, who had led the Italian delegation to the Versailles Peace Conference, could with a straight face proclaim:

> If by 'Mafia' we mean an exaggerated sense of honour, a passionate refusal to succumb to the overbearing and arrogant, a nobility of spirit that stands up to the strong and indulges the weak, a loyalty to friends that is more steadfast and enduring even than death – if these characteristics, albeit with their excesses, are what we mean by 'Mafia', we are dealing with ineradicable traits of the Sicilian character, and I declare myself to be Mafioso, and I am happy to be such.[326]

Mafiosi cloaked themselves in the trappings of conservative resistance to imposed, foreign and unjust change, giving them the 'romantic aura of popular heroes'.[327] Mafiosi were, in a sense, descendants of social bandits, though where the social bandit rebelled openly against the established order, the mafioso covertly colluded with it.[328] The mafioso played a double game. The mafia mentality stood for Sicilian parochialism and rejection of foreign rule. But the mafioso also profited from keeping order as the agents of absent foreign rulers and as intermediaries in economic and political exchange between Sicily and outside markets.[329]

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[322] Raab, pp. 14-15.
[323] Catanzaro, p. 28; cf Hobsbawm, *Primitive Rebels*, p. 40.
[324] Arlacchi, *Men of Dishonor*, p. 191.
[325] Gentile, p. 73. Author's translation.
[326] Quoted in *L'Ora* (Palermo), 29 July 1925, as reported in Newark, *Mafia Allies*, p. 24.
[327] Catanzaro, p. 4
[328] See Hobsbawm, *Primitive Rebels*, p. 32.
[329] Catanzaro, p. 8.

Raab describes mafia *cosche* as constituting a 'substitute, extra-legal government'.[330] But it is more accurate to say that the mafia supplemented, rather than substituted for, the state.[331] The mafia's governmental power differed from that of the state in two crucial ways. First, in its invisibility. Mafia power was, from the outset, a hidden power, organized to be not just private but secret. Its social effectiveness depended in part on society being enlisted into keeping the fact of mafia organization and influence secret, even as mafioso culture was celebrated. From the outset, the practice of *omertà* – the mafia's 'code of silence', notionally enforced on pain of death – was critical to its success.[332] Formally, *omertà* applied only to 'made' or initiated members. But in practice, its shadow lay heavily across those communities within which *cosche* operated. It encouraged communal complicity with the mafia and a secret subversion of communal allegiance to the state, 'insubordination to the rules of the state'.[333] State power, by contrast, is intrinsically public. But so long as that division of labour – between the state as the public face of power, and the mafia as its hidden intermediary in society – could be sustained, there was an apparent complementarity between these two forms of power. It was only when the state sought to displace the mafia as even a *private* form of governmentality on the island, as Mussolini's totalitarian project aimed to; or when the mafia seemed to seek to substitute its own decisions for public governmental discretion, as it did with its bombing campaigns in the 1980s and 1990s, that the two powers were bound to collide.

The second key difference between the mafia and the state's governmental power lay in its structure. Within Sicily, the Italian state purported to monopolize coercion and legal authority. The same could not be said of the mafia, even within its underworld. The mafia was not a governmental monopoly, but more of an oligopoly: a system of criminal power organized via multiple *cosche*. In that sense, the organizational structure within the mafia was similar to the inter-state arena, with individual organizations monopolizing control over certain territories and, in some places, intermingling and competing for influence. Without a system of public justice, the *cosche* relied on clandestine violence – often through *vendetta* – and

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[330] *Ibid.*, pp. 93-98; Raab, p. 16.
[331] Hobsbawm, *Primitive Rebels*, p. 35
[332] Raab, p. 17.
[333] Catanzaro, p. 12.

negotiation to maintain orderly relations across *cosche* lines.[334] At times, diplomatic relations between *capi* were even institutionalized through temporary commissions or a 'general assembly'.[335] In some cases, this 'general assembly' even took on the role of a ritual tribunal, collectively ratifying death sentences proposed by the *capi*.[336] But until the creation of a permanent Commission in the American mafia (Chapter 4) and a 'Cupola' system in Sicily (Chapter 6), these structures remained more inter-governmental than governmental, and temporary rather than standing bodies.

Mafia migration

When Salvatore Lucania arrived on the Lower East Side of Manhattan from central Sicily at the age of nine in the spring of 1907, the conditions he encountered were in some ways more like those we would today expect to find in a refugee camp or a 'fragile state' than a thriving, modern city. Lucania's family lived on East 13th Street near Second Avenue. Such over-crowded tenements typically had twelve rooms housing four immigrant families, with one toilet per floor. Most apartments doubled as garment piecework factories. The streets were cobbled or sometimes unpaved, and filthy. And the neighbourhood was extremely crowded. 20,000 new inhabitants arrived on Manhattan in May 1907 – in just one day. 237,000 Italians had immigrated to America the previous year.[337]

Italian unification had not brought prosperity to southern Italy. The New World promised a new life. 2.1 million Italians moved to the US between 1900 and 1910 alone, 80 per cent from the Mezzogiorno or Sicily.[338] In the first fifteen years of the 20th century roughly a quarter of Sicily's population migrated to America, usually entering through, and often staying in, New York.[339] The city was home to more Italians than Florence, Venice and Genoa combined.[340] The East Village

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[334] Raab, p. 14.
[335] Lupo, *History*, pp. 107-109; Gentile, pp. 59-73.
[336] Gentile, pp. 84-85.
[337] Newark, *Lucky Luciano*, pp. 11-12.
[338] David Critchley, *The Origin of Organized Crime in America: The New York City Mafia, 1891-1931* (New York: Routledge, 2009), p. 14.
[339] Dickie, *Cosa Nostra*, p. 195.
[340] Humbert S. Nelli, *From Immigrants to Ethnics* (Oxford: Oxford University Press, 1983), p. 63.

tenements around 'Mulberry Bend' (Mulberry, Mott, Hester, Prince and Elizabeth Streets) where many Italian immigrants pitched up were the stronghold of Tammany Hall, the local Democratic political organization that served as an intermediary between the city's municipal institutions and the city's immigrant communities, providing access to governmental services in return for votes. Other notable Italian immigrant clusters were found in East Harlem and Williamsburg. Yet in addition to massive Italian immigration, between 1870 and 1900 New York's Jewish population also grew from 60,000 to 300,000.[341] At the same time, the Irish-born population was dropping steadily, and moving to outer boroughs. Tammany's power within these neighbourhoods was loosening, and its traditional role in governing lower Manhattan's vice markets was also weakening.

When Lucania arrived in 1907, the Lower East Side was threatening to become ungovernable. In the months after his arrival, a series of strikes paralyzed large parts of lower Manhattan. One was led by Italian street cleaners, with rotting garbage piling up in the streets, and the risks of epidemic spiralling. Police escorting strike-breakers were pelted with refuse and bricks. Soon after, the meatpackers went on strike, with butcher shops closing down across the city. Given the very limited access to fresh produce and refrigeration, riots and disease threatened. Again, the police were called in.

In some ways this political economy resembled the one in Sicily that Lucania and his fellow immigrants had left.[342] 'Access to the labor market' in both places, argues John Dickie, was 'similarly controlled by tough-guys and local bosses'. Sicilians fully appreciated, Dickie argues,

> how important it could be, in terms of their livelihoods, to be loyal to the right faction in town…. Many had no illusions about what it took to get on in politics and business…. Like Sicily, the world of the new immigrant in North America was one where power was invested not in institutions, but in tough, well-networked individuals.[343]

It was an environment potentially ripe for the reproduction of mafia-type power. Yet there is a longstanding dispute within the research literature about how the Italian America mafia emerged in New York and other US cities. The economist

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[341] Terry Golway, *Machine Made: Tammany Hall and the Creation of Modern American Politics* (New York and London: Liveright, 2014), p. 147.
[342] Critchley, p. 61.
[343] Dickie, *Cosa Nostra*, pp. 162-163.

Donald Cressey and various US government investigations in the mid-twentieth century treated the American Mafia as a 'branch' or 'offshoot' of its Sicilian forebear, the result of a kind of criminal colonization or off-shore strategy. A critical perspective has suggested, on the contrary, that the American mafia is better understood as the result of local responses to local conditions, modelled on but not directly established by their Italian cousins. Diego Gambetta has argued, for example that

> Mafia families were not exported to America but emerged spontaneously, as it were, when the supply of protection and the demand for protection met: when, in other words, a sufficient number of emigrants moved there for independent reasons, some bringing along the necessary skills for organizing a protection market, and when certain events, notably the Great Depression and Prohibition, opened up a vast and lucrative market for this commodity.[344]

This structuralist analysis, which treats the mafia as vehicles for impersonal market forces, is somewhat ahistorical. And, as it turns out, a little inaccurate. The reality is that the protection market in New York already existed, well before the Depression and Prohibition – but was effectively governed by the Tammany organization, which operated primarily as a patronage organization, describing its style of politics as based on 'honest graft'.[345] Italian immigrants to New York, and other cities such as New Orleans, began developing their own schemes in the shadow of these established protection providers.[346]

The Black Hand

As Lucania arrived, however, Tammany grip on local-level criminal activity was weakening, both as the result of its Irish clientele moving off Manhattan, and as a result of Tammany reforms in response to the emergence of another rival for the role of political intermediary in the political marketplace – the labour movement.[347] As a result, space for violent and criminal entrepreneurialism in New York's

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[344] Gambetta, pp. 251-252.
[345] See William L. Riordan, *Plunkitt of Tammany Hall* (New York: McClure, Phillips & Co., 1905), pp. 3-10, 32, 54.
[346] Mafia *cosche* emerged in New Orleans in the 1880s, assassinating the police chief in 1890, leading to the lynching of eleven Italian immigrants and the temporary severing of US-Italian diplomatic relations: Raab, p. 18; FBI, *Mafia Monograph*, II, pp. 33-35.
[347] Golway, pp. 152-205, 211-212; Edwin G. Burrows and Mike Wallace, *Gotham: A History of New York City to 1898* (New York: Oxford University Press, 1999), pp. 1103-1108; Gustavus Myers, *The History of Tammany Hall*, 2nd ed. (New York: Boni & Liveright, 1917), pp. 269-270.

immigrant neighbourhoods was beginning to open up. Local youth gangs controlled the pickpocket and illegal craps rackets.[348] Lucania fell in with this crowd, before being packed off to a 'secure school' in Brooklyn – where he mingled with other similarly delinquent youth, gaining a valuable education in petty crime at the state's expense.[349] Some of these gangs also began to take the place of earlier Irish gangs as election day enforcers for the Tammany organization, forging exploitable ties that would later provide invaluable political protection.[350]

From August 1903, an epidemic of extortion gripped the Italian-American community across the country. Victims would usually receive several letters making extortionate demands, signed by the '*Mano Nera*' (Black Hand). If the victim did not comply, a 'friend' of the victim would often step forward as a 'conciliator'. But payment could often lead to further demands. Non-payment, however, frequently led to bombing. Seventy such attacks were recorded in 1911 in New York city alone.[351] A 1909 report by Giuseppe ('Joe') Petrosino – a pioneering New York police officer who was assassinated by the Sicilian mafia in Palermo just a couple of months later – identified structural factors in New York that facilitated Black Hand extortion. They could be lifted straight from a contemporary United Nations report considering the possibilities for criminal activity in a 'fragile state':

> Here there is practically no police surveillance. Here it is easy to buy arms and dynamite. Here there is no penalty for using a fake name. Here it is easy to hide, thanks to our enormous territory and overcrowded cities.[352]

With such low costs and risks, anyone could get involved in Black Hand extortion. Such tactics – though not the Black Hand symbol, specifically – were well known in southern Italy,[353] especially amongst the Neapolitan *Camorra*.[354] Insider accounts suggest there was no centralized 'Black Hand Society', as the contemporary press theorized. Indeed, Italian *mafiosi* that had emigrated to the US were not, apparently, major Black Hand proponents.[355] Instead, Black Hand extortion was an open-source criminal methodology that spread through mimicry

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[348] Newark, *Lucky Luciano*, pp. 14-15.
[349] *Ibid.*
[350] *Ibid.*, p. 16.
[351] Critchley, p. 22; Newark, *Lucky Luciano*, p. 17; FBI, *Mafia Monograph*, II, pp. 35-41.
[352] Quoted in Raab, p. 20.
[353] Fentress, p. 166; Hess, p. 130; Critchley, p. 32; Dickie, *Cosa Nostra*, pp. 171-172.
[354] Lupo, *History*, pp. 144-145.
[355] Critchley, p. 27.

not only by thugs but also by businessmen seeking an edge over their rivals.

This was disorganized, not organized, crime. There was a collective incentive for all Black Hand copy-catters to have their activities perceived as the product of a vast, powerful conspiracy, since this raised the perceived risks of non-compliance.[356] Some small extortion rings did emerge, but they tended to endure not on the basis of their income from extortion, but through developing other criminal rents, notably from counterfeiting and narcotics. The terrorizing nature of Black Hand extortion offered no basis for such rings to develop sustainable support within the Italian-American community, nor to develop political protection. Tammany could not protect those involved in terrorist bombings, and as early as 1904 backed the formation of a special 'Italian squad' in the New York Police Department to deal with Black Hand bombings.[357]

Modern Family

Black Hand extortion thus created a new opportunity for mafiosi in the US: to provide protection. Early American mafiosi presented themselves precisely as protectors of the Italian-American community, stepping in to settle Black Hand disputes, as well as to protect Italian-American interests from police brutality and extortion. But with Black Hand activities conducted so furtively and in such a disorganized way, the only way to prevent and control them was not through direct physical pressure, but through social influence.

Sicilian mafia *capi* and leaders of other southern Italian criminal organizations such as the Neapolitan Camorra and the Calabrian 'Ndrangheta who had emigrated from Italy brought their reputations, and their wealth of respect, with them.[358] They were well positioned to play a local public order role. As the leading historian of the early Italian-American mafia David Critchley concludes, the '[o]riginal American Mafia chieftains were frequently pillars of the Italian community, involving themselves in politics, and earning a living from self-employment.'[359] Their power stemmed particularly from their ability to govern these kinds of illicit markets and transactions. As Joe Bonanno put it: 'By

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[356] *Ibid.* pp. 22-26; Raab, p. 19; Lupo, *History*, pp. 144-145.
[357] Critchley, p. 22.
[358] *Ibid.*, 26-29, 105 et seq.
[359] *Ibid.*, p. 27.

performing such favors [i.e. resolving extortion disputes], large and small, the "man of honor" made himself indispensable'.[360] As in Sicily, the new American mafioso's power rested in what one Mob leader's son described as 'a thousand friendships' – the power of his social network.[361] Mafia leaders' dispute resolution efforts placed people in their debt, both figuratively and often literally: mafia mediators would often take a cut of the settlement negotiated with Black Hand extorters, and also lend the victim the money needed to pay the settlement (often at extortionate rates).[362]

These pioneers were not envoys of Italian criminal organizations, sent strategically to build new branches in New York, but rather unintended vessels for the transplantation of mafia strategy and techniques. The initiation rituals for these early American mafia *cosche*, for example, seem to have been directly copied from those in southern Italy.[363] The connections they developed back to Italian criminal groups were not hierarchical, but fraternal. There was no unified command structure; there was a shared operational culture and system of governmentality. In these early days, mafiosi emigrating to the US could hold dual membership of both the Italian and US organizations. American organizations would accept a 'letter of consent' from a Sicilian *capo* as a basis for admission to an American *cosca*, and 'made' members moved back and forth between the organizations.[364]

The most important leader to emerge in this way was Giuseppe Morello, whose *cosca* wielded influence from New York to Chicago to Louisiana in the 1910s. The Morello *cosca* is sometimes described as the 'First Family' of the American Mafia. Morello was born in Corleone in western Sicily in 1867. By the time he migrated to New York in 1894 to escape imprisonment for counterfeiting, he was a powerful member of the Corleone *cosca*. By 1900, he had become a leader in the manufacture and distribution of counterfeit notes in New York, and his seniority in the mafia in Sicily gave him high standing in the US, with some insider accounts describing him as the first '*capo di tutti capi*' (boss of bosses).[365] Dickie

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[360] Bonanno, p. 40.
[361] Bill Bonanno, *Bound by Honour* (New York: St. Martin's Paperbacks, 1999), p. 6.
[362] Francis A. Ianni and Elizabeth Reuss-Ianni, *A Family Business: Kinship and Social Control in Organized Crime* (New York: Russel Sage, 1972), p. 52; Critchley, p. 32.
[363] Gambetta, pp. 262-270; Critchley, pp. 63-64, 119.
[364] Critchley, pp. 62-63; Gentile, pp. 53-61.
[365] Critchley, pp. 36-48.

describes Morello's gang as an early transplant of the Sicilian *mafioso* culture to New York, using the same techniques of protection, patronage and police corruption.[366]

Morello's operation, however, demonstrated several strategic vulnerabilities. First, it lacked strategic depth. Critchley's research into primary records suggests that it was organized like a rural Sicilian *cosca*, with only 10 or 20 members, leaving Morello without 'buffers' between him and the rank and file, 'creating an obvious risk of exposure of the leadership to prosecution'.[367] In Sicily, the Corleone *cosca* could rely on the powerful normative hold of *omertà* over the broader population to provide cover. In New York, the influence of *omertà* was notably less extensive. Second, Morello built his organization around a core Corleonesi kinship network involving overlapping marriages between the Morello and Terranova families. As his operation grew and required more personnel, he relied on members of this group to vouch for new members from outside the network, expanding into a broader Sicilian network, but with only very limited reach into the Calabrian and Neapolitan communities.[368] This fostered operational security, but again at the expense of social reach. No charismatic communicator, Morello lacked the social connections in New York (or beyond) that would have allowed him to broker resolutions to larger disputes. He was not, in other words, able to develop broader governmental power within the emerging Italian-American underworld, or political power beyond it.[369] Morello consequently failed to develop effective protection from the state. While he did corrupt numerous judges and police officers, it proved inadequate.[370] Counterfeiting was a federal crime, and federal officials lived in places, both literal and figurative, that Morello could not reach. Later, for exactly this reason, the American mafia would formalize a ban on engagement in counterfeiting, and mafia members were specifically warned not to harm federal agents.[371] In 1910, he was jailed for twenty-five years on counterfeiting charges.

Around the same time, however, two other distinct mafia-style groups began

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[366] Dickie, *Cosa Nostra*, p. 169.
[367] Critchley, p. 51.
[368] *Ibid.*, pp. 50-60.
[369] Dickie, *Cosa Nostra*, pp. 169-170.
[370] *Ibid.*, pp. 168-169.
[371] Raab, pp. 6-7.

to consolidate in Brooklyn, both descendants of the Neapolitan Camorra. One was based around the Brooklyn Navy Yard and one around Coney Island. For a period they were bloody competitors, but eventually banded together to wipe out the (Sicilian) Morellos.[372] Yet they also suffered from a lack of strategic depth due to their failure to move beyond their own specific immigrant communities, and their long bloodletting significantly diminished their own coercive capabilities.[373]

The question of whether these criminal groups should replicate the provincialism of their Italian forebears or move beyond it, overlooking ethnic identity, became a central political and strategic question within the organizations. It was a question of trust. Sicilians were not used to trusting Calabrians or Neapolitans. Joe Bonanno, a 'traditionalist', argued throughout his life that non-Sicilians could not fully understand the Sicilian 'Tradition'.[374] FBI records from as late as the 1960s point to formal vertical and horizontal separations between mafiosi of different (Italian) geographic heredity in the St Louis, Philadelphia and Cleveland mafia *cosche*.[375] Yet by the late 1910s, Neapolitans and Calabrians were increasingly being recruited into the more cosmopolitan, Sicilian-led mafia *cosche* that were emerging on the Lower East Side and in East Harlem. Some Sicilians were also beginning to collaborate with Irish, Jewish or other gangs. On the Lower East Side, Salvatore Lucania was beginning to make a name for himself (as Lucky Luciano) through collaboration with a Neapolitan kid, Vito Genovese, a Calabrian immigrant, Francesco Castiglia (Frank Costello) and even a Russian Jewish immigrant, Maier Suchowljansky (Meyer Lansky). Luciano was adapting the Sicilian tradition, with its emphasis on real or fictive kinship, to create a 'modern family', stretching beyond traditional *cosche* lines. 'I used to tell Lansky', he would later say, 'that he may have been Jewish, but someplace he must have been wet nursed by a Sicilian mother.'[376]

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[372] Critchley, pp. 112-117.
[373] *Ibid.*, pp. 105-137.
[374] Bonanno, *A Man of Honour*, pp. 86-87.
[375] Critchley, p. 136.
[376] Gosch and Hammer, p. 145.

Illicit government

The *cosche* or 'Families' that were emerging in America were, just like their Sicilian *cosche* forebears, governmental.[377] Members became embedded in a secret normative order. The

> family embraced an individual's whole life and demanded his total loyalty. Within its confines family members learned a common set of roles, norms, and values, which not only regulated their behavior within the family but structured their relationships with the outside world as well. In his relations with outsiders, a man never acts simply as an individual, but rather as a representative of his clan.[378]

This was the sense in which even mafiosi from different American *cosche* would refer to their shared world as 'Our Thing', *Cosa Nostra*. It conveyed the impression of a shared, secret outlook, a shared way of being or way of life; this secret order gave them more in common with each other than they shared with others.[379] It set them secretly apart.

The *cosca* had immense power over its members' lives. Nothing controversial, not even a marriage, could be undertaken without considering its impact on other mafiosi, and in many cases seeking approval from mafia superiors.[380] Initiates specifically swore loyalty to the *cosca* 'family' over their own biological families.[381] And the word of a mafia's superior was law, even in matters of life and death, as Joe Valachi, an American mafioso who famously turned state's witness in the early 1960s explained to a US Congressional committee:

> Mr. VALACHI. …If he wants to get rid of anybody, he has such a way that he finds a way of legalizing it. In other words, for instance, he will make up stories and there is no one there to dispute him.
>
> The CHAIRMAN. You mean legalize –
>
> Mr. VALACHI. Legalize it amongst ourselves.
>
> The CHAIRMAN. You mean your own crowd? In other words, his word becomes law, that makes it legal?
>
> Mr. VALACHI. Right.
>
> The CHAIRMAN. Can he and does he pass out death sentences?

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[377] Cressey, *Theft*, p. 31.
[378] Ianni, 'Formal and Social Organization', p. 39.
[379] Lacey, p. 292; Raab, p. 36.
[380] See e.g. Valachi's account in Maas, pp. 102-106.
[381] Raab, p. 7.

> Mr. VALACHI. He passes them out. They tell you he was a rat, he is this. They tell you anything they want to.[382]

Secrecy was crucial. Members did not all know each other. More junior members relied on coded introductions to get to know the network. A member was introduced as 'a friend of ours', a non-member as 'a friend of mine'.[383] Yet membership of an American *cosca* (later, 'Family') was not like becoming a salaried bureaucrat. In return for participation in mafia violence, *soldati* and other members received a license to pursue their own criminal rents, including through the use of violence, within a system regulated by the mafia hierarchy. Michael Franzese, a made member of the Colombo Family, explained 'we weren't given a salary or put on somebody's payroll. It was up to each man to make his way.'[384] Another Colombo Family member, Joe Cantalupo, similarly recalled that 'the rules of the game were simple. Make money any way you can.'[385] As Edelhertz and Overcast, two criminologists, put it, 'To be "made" one has to be a producer, not a mouth to feed.'[386] Again, Valachi explained:

> Senator MUNDT. … I am trying to determine what your income was as a soldier working for Genovese.
>
> Mr. VALACHI. You don't get any salary, Senator.
>
> Senator MUNDT. Well, you get a cut, then.
>
> Mr. VALACHI. You get nothing, only what you earn yourself. …
>
> Senator MUNDT. In other words… all you got out of your membership of this family was protection from somebody cutting in on your racket?
>
> Mr. VALACHI. That would be a good way to put it.[387]

That 'protection' included from the state. In his testimony, Valachi also clarified that the Family would provide a range of support services to members and their families, including legal assistance – providing bail, a lawyer, and often pulling strings in the judiciary. A member's biological family would also be looked after while he was serving time in prison, drawing on a centralized welfare fund financed through the dues and tributes paid by lower-ranking members. Other

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[382] McClellan Hearings, Part 1, p. 89.
[383] Valachi in McClellan Hearings, Part 1, pp. 82-83; Raab, p. 5.
[384] Franzese and Matera, p. 96.
[385] Cantalupo and Renner, p. 28.
[386] Herbert Edelhertz and Thomas D. Overcast, *The Business of Organized Crime* (Loomis, CA: The Palmer Press, 1993), p. 135.
[387] McClellan Hearings, Part 1, p. 109.

evidence makes clear the same system pertained in Sicily.[388]

The then-Director of the New York State Organized Crime Task Force explained the resulting pattern of innovation and control in an interview with *New York Magazine* in 1992. The mafia, he explained, has

> always been looked at as a corporation… But it's not… In a corporation, people at the bottom carry out the policies and perform the tasks assigned to them by executives at the top. In the Mob, the people at the bottom are the entrepreneurs. They pass a percentage of their income upward as taxes in return for governmental-type services: resolution of disputes, allocation of territories, enforcement and corruption services.[389]

The distinction between a corporate and governmental model is also borne out in the different allocations of authority within the system. To become a 'made' or initiated member in the mafia was less about ascending in the bureaucracy than entering the aristocracy. Joe Pistone, who spent six years undercover in the mafia as an FBI informant using the name 'Donnie Brasco', explained:

> A made guy has protection and respect … You are elevated to a status above the outside world of 'citizens'. You are like royalty… A made guy may not be liked, may even be hated, but he is always respected.[390]

Nick Caramandi, a former *capo* in the Philadelphia-based Scarfo Family, saw the distinction in even more extreme terms. Once made, he said 'You become like a god. Your whole life changes. You have powers that are unlimited.'[391]

The mafia's governmental power depended, however, on keeping the state at bay. As Henry Hill, a famous mafia informer, explained, what the mafia itself provided to its members to achieve this was protection and connections.[392] Connections stood for trust, and reduced transaction costs – protection from interference, cheating, prison.\ An individual's power in the mafia was thus linked both to his ability to mobilize and deploy coercion but – above all – to his ability, through corruption and communications, to make and keep connections. As Pantaleone explained, 'Above all', a mafioso

> must have connections in all levels of society. If he is isolated he cannot be

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[388] *Ibid.*, pp. 240, 323; Raab, pp. 5, 8; Arlacchi, *Men of Dishonor*, pp. 143-144.
[389] Michael Stone, 'After Gotti', *New York Magazine*, 3 February 1992, pp. 22-31, at p. 29.
[390] Pistone and Woodley, p. 77.
[391] George Anastasia, *Blood and Honor: Inside the Scarfo Mob – The Mafia's Most Violent Family* (Philadelphia PA: Camino Books, 1991), p. 223.
[392] See Nicholas Pileggi, *Wiseguy: Life in a Mafia Family* (New York, Simon & Schuster: 1985), pp. 56-57. See also Bonanno, p. 152.

> strong; even if he is the most feared and violent man in the 'family' or the 'cosca', and the most experienced 'killer' amongst them, he will never become a chief.[393]

Politics, it seemed, were at the root of mafia power from the outset.

The Iron Prefect

Back in Sicily, by the late 1910s the mafia was playing an important role as a broker within the island's political order, particularly by controlling the communal violence that might otherwise have arisen from Sicily's slow-motion economic modernization.

Don Calogero Vizzini, a leading mafia capo from Villalba in central Sicily provides an example of how this worked. In the wake of the First World War, socialists, labourers, peasants and activists from the Popular Party (the ideological precursor to the Christian Democrats) agitated for land reform. In 1920 they occupied the holdings of a major *latifundia* around Villalba, where Don Calò was based. Twelve years earlier he had brokered a solution to a similar dispute between a Paris-based absentee landlord, a Palermo-based administrator, local peasants and the Catholic Rural Fund, which granted him a lease with a local cooperative as tenants. Now he repeated the scheme, with variations. In 1921 he brokered the sale of the land by its owner, Cavaliere Matteo Guccione to a Cooperative of War Veterans of Villalba, put together by Vizzini, presided over by Vizzini's brother, and financed by an agricultural bank Vizzini had founded. The sale provided for the distribution of the land to small landowners – but only after 6 years, during which they had to continue to pay rent to Vizzini, and surrender the proceeds of the harvest to him. After the arrangement ended in 1926, both Vizzini and his sister had somehow acquired titles over significant tracts of the land.[394] Both the landowner and the local land-workers had avoided their least-preferred outcomes – violence for the landowner, the status quo for the workers – but Vizzini proved to be the real winner.

Through such manoeuvring the mafia had emerged as a conservative force in the political economic transition, slowing down the process of land reform and wealth redistribution that might otherwise have led to the emergence of a middle

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[393] Pantaleone, 1966, p. 34.
[394] Costanzo, pp. 35-36; Pantaleone, pp. 45, 85; Lupo, *History*, pp. 159, 167-169.

class.[395] This served the interests of conservative political forces, as did the role that the mafia played as strike-breakers and labour market brokers in Sicily's agricultural sector, unhampered by the unionization that had arisen in more urbanized economies. As Mussolini rose to power in the mid-1920s, it was this very mediating power of the mafia that seemed to represent an obstacle to realization of the Fascist programme in Sicily. This became clear in the 1924 general election. While the Fascists won a landslide victory nationally, in Sicily mafia mobilizers secured victories for the opposition Popular Party and Liberal Party. Mussolini toured the island, hoping to drum up support, but received a cold reception in mafia areas. His response was the appointment of Mori and his anti-mafia campaign.

Mori's attack on the mafia was both an effort to break its power and a cover for the Fascists to 'destroy the freedom of political organization' more broadly on the island, asserting their totalizing vision of unitary power.[396] It was an effort to remove the mafia as an alternative source of governmental or political power, all of which, under the Fascist ideology, was to run through the Fascist party. In 1925 the Fascists abolished parliamentary elections, depriving the mafia of 'its main currency for purchasing concessions from Rome'.[397] Mori himself characterized the campaign as not simply 'a police campaign on a more or less grand scale, but instead an insurrection of the conscience, a revolt of the spirit, the action of a people.'[398] He recognized that the mafia 'obtains exceptional strength from a logic which is all its own', and that *omertà*, based in fear, was key to this logic.[399] His response was an explicitly *moral* appeal to Sicilians' sense of self and identity:

> [W]e must turn… to pride as an instrument with which to react to arrogance and bullying; courage to react to violence; strength to react to strength; and rifles to react to rifles.[400]

The siege of Gangi in 1926 was thus intended to show that he could be more mafioso than the mafiosi. It was an attempt to show that the Fascists, not the mafia, were the viable brokers between the state and the population, the embodiment of cherished values of fortitude and self-reliance, and the most powerful governmental

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[395] Compare Pantaleone, p. 44.
[396] Lupo, *History*, p. 22
[397] Hobsbawm, *Primitive Rebels*, p. 47.
[398] Cesare Mori, *Con la mafia ai ferri corti* (Verona: Mondadori, 1932), p. 242.
[399] *Ibid*., p. 91.
[400] *Ibid.*, p. 244.

actors. These were themes Mori would emphasize in speeches in the towns and villages where his crackdown took place, and in interviews with the press.

Yet Mori recognized that his battle with the mafia required attacks along a material front as well as a conceptual front. He took several steps to undermine the rackets on which the mafia thrived, creating a tighter registration and branding system to undermine cattle-rustling and investing state resources in more regularly assessing land rents against yields, to prevent the mafia from forcing landowners to rent land to them at unrealistic prices.[401] Yet under his rule, agricultural wages fell by 28 per cent. The Fascists had 'not so much … eliminated the *mafiosi*', as the historian Alexander Stille later put it, but rather 'replaced them by acting as the new enforcers for the Sicilian landowning class'.[402] With his campaign of intimidation, the abolition of party politics, and the state's increased role in the economy, the mafia's brokering power was steadily corroded, and increasingly higher-level mafia actors moved into the Fascist Party.[403]

Mori's apparent success against the mafia appears to have come by splitting the 'upper' mafia – the parts of the mafia network that connected into the landowning classes, the urban professionals, the politicians – from the 'lower' mafia. As Lupo explains, most of those punished by Mori's campaign were *campieri* (field guards on the large estates) and *gabellotti* (estate managers, often foisted on landowners by the mafia). The campaign specifically left the traditional landowners themselves – many of whom had collaborated with, if not joined the mafia – untouched. The few landowners that were entangled in the campaign escaped punishment by successfully pleading 'necessity' at trial. And when Mori seemed set to begin to go after this 'upper' mafia, including some with open ties to the Fascist party, he was suddenly recalled to Rome.[404] The Fascists declared victory over the mafia. It was premature. The preservation of the latifundist system left in place the bottlenecks in the Sicilian economy that the mafia was able to exploit, and much of the mafia network remained in place. Unsurprisingly, once Mussolini had moved on, the mafia quietly clawed back its power, laying the seeds

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[401] Newark, *Mafia Allies*, pp. 35-36.
[402] Alexander Stille, *Excellent Cadavers* (New York: Vintage Books, 1996), p. 17.
[403] Catanzaro, pp. 109-112; Pantaleone, p. 53.
[404] Pantaleone, pp. 45-52; Lupo, *History*, pp. 186-187.

of its resurgence after the Second World War, described in Chapter 6.[405]

The Iron Prefect's crackdown did, however, have one other profound impact. Scores of young mafiosi fled to the US, including future leaders in the American mafia such as Joseph Bonanno, Carmine Galante and Joe Profaci.[406] The exodus helped to accelerate the transplantation of mafia expertise and techniques to the New World. This was particularly the case when those leaving were more senior mafiosi, at the *sottocapo* or *capo* level. Of these, one in particular stands out, a *capo* from the *cosca* in Castellammarese del Golfo, a seaside town west of Palermo. His name was Salvatore Maranzano, and his arrival in New York would soon lead to upheaval in the American mafia.

Conclusion

The Sicilian mafia was born out of the limited governmental power in Sicily of the unified Italian state. Mafiosi emerged as entrepreneurial brokers during the Sicilian politico-economic transition, using their control of local coercion to develop governmental power. These entrepreneurs shared a common positioning strategy, interposing themselves between local communities and supply-chains, and the state. Over time, this loose group came to share an operational culture and organizational techniques, likely stimulated by interaction with the clandestine revolutionary networks of the 1850s and early 1860s. What emerged was not just a clandestine association, but a secret society, a private normative order with its own values, rules and repertoire structuring the possible actions of its members and associates. The Sicilian mafia represented, in other words, a specific, criminal governmentality.

The mafia's emergence in the United States followed a similar pattern: not through a deliberate colonization by Sicilian *cosche*, the Neapolitan Camorra or Calabrian 'Ndrangheta, but through the use of imported mafia techniques and strategies to govern an unruly underworld. The American mafia *cosche* coalesced among Italian immigrant communities who turned to the mafia system to govern the

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[405] See Lupo, *History*, p. 22; Stille, p. 17; Christopher Duggan, *Fascism and the Mafia* (New Haven and London: Yale University Press, 1989), pp. 195-199.
[406] Bonanno, pp. 52-54; Lupo, *History*, p. 19.

Black Hand extortion epidemic and petty crime more generally.[407] As Varese and Gambetta have argued, the American mafia families were the 'lineal descendants' of the Mezzogiorno mafias, rather than their colonial outposts.[408]

In Sicily, the mafia's governmental power was from almost the outset nested inside the formal political structure of the state. Mafia *cosche* were a powerful brokering force in keeping order and delivering votes. Mussolini's vision of a unified party-state left no room for the mafia to continue to play such a brokering role in Sicilian government. The campaign led by Cesare Mori to eradicate the mafia took place not only in the military or coercive domain through a sustained, large-scale show of force, but also in a political and normative, or as Mori saw it, moral dimension, through strategic communication. Through speeches, the press, military operations and trials designed for their signalling power as much as their operational necessity, Mori sought to portray himself and the Fascist Party, rather than the mafia, as the true protectors of traditional community values. He sought to position the Fascist Party as the monopoly provider of governmentality, driving the mafia out of the market.

In New York, the governmental brokering role that the mafia played in Sicily was instead played by gangs and the Tammany political organization. With an American mafia system emerging as a potential governmental actor, could these two brokering organizations, Tammany and the mafia, co-exist?

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[407] Compare Varese, *Mafias on the Move*, p. 12.
[408] Compare *ibid.*, p. 21; Gambetta, pp. 251-252.

4. War and Peace in the American mafia, 1920-1941

'He wanted something more terrible than money: he wanted power.'
Mafia *capo* Nicola Gentile[409]

'The real problem is to remove the influence of the racketeer from politics.'
Thomas E. Dewey[410]

On 10 September 1931 Salvatore Maranzano, the newly confirmed *capo di tutti capi* ('boss of all bosses') of the American mafia was sitting in his office in the newly opened Helmsley Building that towered above Grand Central Station. He was waiting for a visit by the federal Internal Revenue Service. Upon arrival the IRS agents flashed their identity cards and asked Maranzano to follow them into his interior office. One stayed outside in the waiting room, where, producing a gun, he bailed up the bystanders and forced them to face the wall. Inside Maranzano's office, the agents' guns jammed. So they stabbed Maranzano to death instead.

These were not IRS agents, but Jewish mobsters working for another mafia boss – Lucky Luciano. It was the second time in five months that Luciano had worked with non-Sicilians to assassinate a superior in the mafia. With these manoeuvres, and the organizational reforms he instituted after Maranzano's death, Luciano rose to pre-eminence within the American mafia, and a coalition of mafia Families and Jewish gangsters that came to be known as 'the Mob' emerged as the dominant power within the American underworld. By 1935 this coalition had not only gained control of rackets in most of New York's legitimate and illegitimate industries, but also developed innovative new gambling markets country-wide and – through ties between gambling and politics – leverage within New York and national-level Democratic politics. Yet in 1936 Luciano was convicted at trial and sentenced to fifty years' imprisonment in an upstate prison nicknamed 'Little Siberia'. What went wrong?

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[409] Gentile, p. 104.
[410] Original newsreel footage excerpted in Serena Davies, producer and director, 'The Mafia Connection', in the *Secret War* (WMR Productions/IMG Entertainment), SE01E03, originally aired 20 April 2011, at https://www.youtube.com/watch?v=HkfszkERIUI at 9'28", accessed 14 March 2015.

In this chapter we explore the rise and apparent fall of Lucky Luciano. Diego Gambetta has famously described the Sicilian mafia as a product of the business of private protection.[411] Here, we explore how Luciano's fate – and that of the American mafia – was shaped not just by the business of private protection but also the politics of public protection. The first section considers the role of Prohibition as an accelerator of strategic competition in the American underworld, leading to civil war in the mafia between 1929 and 1931. After a period in which rival mafia leaders attempted to reach a mediated settlement, the conflict was finally concluded by Luciano's assassination of his mafia *capo* and Maranzano's rival, Giuseppe Masseria, at lunch in a restaurant in Coney Island. The second section considers the underworld political settlement that emerged from the civil war, the events at Maranzano's office, and Luciano's subsequent constitutional reforms. A third section explores the political and economic effects of strategic reorganization within the underworld. The economies of scale opened up to the Mob allowed it to expand its governmental power, but also fostered rivalries. The fourth section considers how these rivalries for governmental power – including both underworld and upperworld actors – brought Luciano down.

Like other periods of violent strategic crisis and change, the history of the events treated in this chapter has been clouded through exaggeration and dramatization in popular journalism. This chapter relies not only on secondary sources but also a balanced array of primary accounts of these events. In the case of the 'Castellammarese War' within the American mafia, treated in the first and second sections, this includes the accounts of strategic decision-makers such as Joe Bonanno, chief of staff to Maranzano, and Nicola Gentile, a mafia *capo* brought in to mediate a settlement. Largely because his account remains difficult to come by, and perhaps because it is in Italian, many English-language researchers have to date overlooked this important source.[412] One important exception is David Critchley. His detailed history of this period receives special attention.[413]

For the 'post-War' period, the 1939 series of *Collier's* magazine articles by Richard 'Dixie' Davis, formerly Dutch Schultz's lawyer, helps to provide insight

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[411] Gambetta.
[412] Gentile.
[413] Critchley.

and context relating to Schultz.[414] Tom Dewey's *Twenty Against the Underworld* affords a window into the approach of the Prosecutor that brought down Luciano, but, as this chapter emphasizes, needs to be understood as an artefact of careful strategic communication by a very effective politician.[415] In some ways more useful is the popular journalist Hickman Powell's *Lucky Luciano*.[416] Powell's reporting of the speech of Mob figures, his own explanation of how he wrote the book, and triangulation against case files in New York municipal archives indicate that it is based on access to Dewey's case-files during the Luciano trial, including transcripts of pre-trial testimony by over seventy Mob-linked witnesses. That makes it a uniquely valuable source of insight into the trial, and the Mob activities it explored.

War

Prohibition as a driver of innovation

When the Eighteenth Amendment to the United States Constitution came into effect on 16 January 1920, criminalizing the manufacture and sale of all alcoholic beverages, new rents were created, attached to a huge unmet demand. Strategic competition for control of these rents would transform the American underworld.

Prohibition resulted in part from a social backlash to the immigrant waves of the late nineteenth and early twentieth centuries. White, Protestant middle America mobilized to defend their pastoral, family-oriented values against the perceived decadence, dissolution and corruption of America's booming cities, with their huge new alien populations.[417] Exactly for that reason, from the outset Prohibition did not take hold in New York city, the immigrant metropolis. By 1923 the New York State Legislature had terminated police cooperation with federal enforcement authorities. By 1925 the World League Against Alcoholism was reporting that 'To all intents and purposes anyone can now engage in the liquor traffic unmolested in the City of New York.'[418]

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[414] See Davis, 'Things I Couldn't Tell', *op. cit.*
[415] Thomas E. Dewey, *Twenty Against the Underworld* (Garden City, NY: Doubleday, 1974).
[416] Powell, *Lucky Luciano*, op. cit.
[417] Raab, pp. 22-23.
[418] Cited in Critchley, p. 138; see also Raab, p. 25.

With barriers to entry low, the new market spurred innovation. Huge profits were available. The mark-up on locally produced beer was around 700 per cent, and on a case of imported scotch whiskey around 4,000 per cent – comparable to cocaine today.[419] Illicit stills sprang up in urban basements and country barns. Local street gangs that had focused on theft and extortion and illegal gambling quickly moved into production and distribution. Within a couple of years, Lucky Luciano's street gang on the Lower East Side had an annual payroll of about $1 million – about $14 million in current terms. Revenues, however, were roughly 12 times this size.[420]

Prohibition changed the strategic environment for criminal activity in New York in two fundamental ways. First, it created a huge new pool of resources which criminal groups not only had an incentive to capture, but also needed to prevent their rivals from capturing. Second, it provided social complicity offering the strategic depth that the Sicilian mafia had enjoyed in Sicily, but which Morello's *cosca* had not been able to that point to generate. Overnight, Prohibition weakened the bonds of allegiance of the average citizen to the state, turning 'thousands of law-abiding Sicilians into bootleggers, alcohol cookers and vassals of warring mobs'.[421] To be enjoyed, alcohol needed to be consumed socially, in bars and clubs, with entertainment. That required a diverse labour-force, space and a clandestine supply-chain. The result was a whole criminal ecosystem, a huge new market for illicit government, 'in which there were no courts to fix, no penalties to evade. The statutes were six-shooters, the constitution a machine-gun.'[422]

The result was a surge in organized crime. Established Irish and Jewish mobs with links to gambling syndicates were particularly well placed at the outset to dominate high seas importation, since it required significant capital investment.[423] In contrast, moonshine and bootlegging operations – domestic production and overland distribution – offered higher risks and lower rewards, but also lower barriers to entry. As a result, the market remained fragmented. Some groups built distribution networks and production cooperatives. The Jewish

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[419] Gosch and Hammer, p. 43; Raab, p. 25.
[420] Gosch and Hammer, p. 74.
[421] J. Richard Davis 'Things I Couldn't Tell', Part V, p. 36.
[422] Powell, p. xxii.
[423] Dickie, *Cosa Nostra*, p. 176; Critchley, p. 139.

syndicate led by Waxey Gordon, for example, soon controlled thirteen breweries in Pennsylvania, New York and New Jersey.[424] But most enterprises remained highly localized, opening up space for the Italian-American street gangs and the mafia to provide protection.[425]

The illicit alcohol market seemed to breed a particularly violent gangster because of the ease with which the bulky cargo could be hijacked during transit.[426] As a result, coercion became a key strategic capability for operators in the bootlegging market. The need to scale up their coercive capabilities forced the emerging Italian-American mafia *cosche* to expand and innovate, bringing in immigrants and street toughs who had grown up in America, such as Luciano.[427] Some even began to cooperate with non-Italians. It also encouraged the formation of cartel structures. In the larger urban centres the only way to achieve scale was through cooperation with other mobs.[428] Luciano cooperated from early on with a gang led by a young Russian Jewish immigrant, Meyer Lansky, by their own telling driven by the brute logic of economies of scale: 'We were in business like the Ford Motor Company', Lansky would later explain. 'Shooting and killing was an inefficient way of doing business. Ford salesmen didn't shoot Chevrolet salesmen. They tried to outbid them.'[429]

One way to win on cost was to reduce the cost from violence and state interdiction – to buy protection. From the outset, the bootleggers' business model depended heavily on police corruption. The most important kerbside liquor exchange in downtown New York was at the junction of Kenmare and Mulberry streets – just two blocks from the local police precinct house and a stone's throw from the State and Federal courts. As crime writer Tim Newark has succinctly put it, Prohibition unwittingly 'introduced a level of corruption into public affairs that enabled criminal gangs to get a firm grip on the American metropolis'.[430] In the

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[424] Block, *East Side,* pp. 133-135.
[425] Bonanno, pp. 64-65.
[426] Mark Haller, 'Bootleggers and American Gambling 1920-1950', in U.S. Commission on the Review of the National Policy Towards Gambling, *Gambling in America, Appendix 1: Staff and Consultant Papers*, Washington DC, 1976, in NYPL, p. 115.
[427] Critchley, pp. 90-94.
[428] Haller, p. 115; Hank Messick, *Syndicate Abroad* (Toronto: The Macmillan Company, 1969), p. 15.
[429] Eisenberg et al., p. 122; Lacey, p. 51.
[430] Newark, *Lucky Luciano*, p. 20.

process, the mafia moved out of the Italian neighbourhoods, into the broader city – and then beyond.[431] The emergence of a national liquor market created 'the opportunity to organize on a national scale, and to gain internal discipline on a national scale'.[432] Smuggling and distribution networks emerged, with their leaders meeting frequently to sort out operational and organizational problems in leisure spots where demand for alcohol was high and protection from law enforcement could be assured: Miami, Havana, Hot Springs, Arkansas, or, most famously, Atlantic City in May 1929.[433]

The organization that emerged was not unitary or hierarchical; it was more like a world or ecosystem, in which certain groups and networks dominated. These were predominantly based in New York, because New York was the key node in the production and distribution networks, what is today in Mexico called a *plaza*. New York was the busiest port in the country, the starting point for rail distribution networks thoughout the country, a chokepoint in the smuggling network, and a relatively safe operating environment. It was one of the biggest consumption markets, a major source of finance – and of political protection that transferred well to other parts of the country.

Civil war in the American mafia

For much of the first half of the 1920s, the landscape of bootleggers and enforcers was highly fluid, with alliances and rivalries shifting kaleidoscopically. These entrepreneurial criminal networks were not consolidated into regular organizations, but tended to operate as highly flexible 'crews' (known to criminologists as 'action sets'), coming together for a particular job, disassembling, and then forming new patterns for another job.[434] The central strategic challenge for these mobs was one of internal organization. [435]

The southern Italians had one crucial competitive advantage over other local mobs and crews: their access to the codes and repertories of pre-existing secret criminal societies, the mafia, Camorra, and 'Ndrangheta. These provided the

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[431] FBI, *Mafia Monograph*, II, pp. 42-43.
[432] McClellan Committee 1958, p. 12221.
[433] Powell, pp. 63-64; Gosch and Hammer, pp. 94-96, 104-8; Critchley, pp. 140-142.
[434] See Block, *East Side*, pp. 245-249.
[435] *Ibid*, p. 256.

scarcest of resources in the underworld – trust – and offered ready-made criminal organizations with normative and social reach into immigrant communities. Jewish Mobsters such as Meyer Lansky, Bugsy Siegel and Louis 'Lepke' Buchalter could and did develop power through violence, but they had no such ready-made governmental systems on which to draw. It was to prove a decisive difference.

By the second half of the 1920s, two rival mafia networks had emerged as major players in the US liquor markets, one led by Joseph Masseria, and the other by Salvatore Maranzano. Maranzano was born on 31 July 1886 in Castellammare del Golfo in Sicily, and married into a powerful Castellammarese family with deep mafia ties. He quickly rose to influence in the Trapani region, developing close ties to leading politicians.[436] In the 1920s, fleeing Mori's crackdown, Maranzano migrated to the US, pitching up in Williamsburg, bringing a small fortune with him.[437] His familial ties to the Schiro *cosca*, dominant in western New York state, provided a route into the New York mafia. Within just a couple of years, he had become a major moonshiner and bootlegger, with several large distilleries up-state in Dutchess County. He had charisma and a gift for oratory. Joe Bonanno, who became his chief of staff, said that 'When Maranzano used his voice assertively, to give a command, he was the bell-knocker and you were the bell.'[438] By the late 1920s, Maranzano was *consigliere* of the Schiro *cosca*, operating primarily in Williamsburg. A second *cosca*, led by Salvatore D'Aquila, was active primarily in Harlem; and a third, including the remnants of the Morello *cosca*, continued to operate in lower Manhattan and Harlem, under the leadership of Giuseppe Masseria.

Masseria was a year younger than Maranzano, born in 1887 outside Marsala, Sicily – not a known mafia stronghold. He moved much earlier than Maranzano to New York, and while Maranzano was rising through the mafia ranks in Sicily, Masseria was involved in Black Hand activities, kidnapping and robbery on the Lower East Side of Manhattan.[439] He was close to Giuseppe Morello.[440] His fortunes were transformed by Prohibition, since his gang was based in the neighbourhood that hosted the most important wholesale curb exchange at Kenmare

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[436] Critchley, p. 144.
[437] Raab, p. 26; Newark, *Lucky Luciano*, p. 44.
[438] Bonanno, p. 71. See also Maas, p. 84; Gosch and Hammer, p. 46.
[439] Critchley, p. 154.
[440] Bonanno, p. 100.

Street. Masseria had a particularly bloody reputation, having killed more than thirty rival bootleggers and gambling organizers.[441] Unlike the Schiro and D'Aquila *cosche*, however, Masseria's outfit was not built on a biological kinship network.[442] By the mid-1920s he had taken another young Sicilian street tough, Luciano, under his wing. Like Masseria, Luciano was born (as Salvatore Lucania) in a Sicilian town (Lercara Friddi) that was not a noted mafia base. Luciano's gang reflected his upbringing in cosmopolitan New York, incorporating individuals from outside the Sicilian tradition such as Vito Genovese and Joe Adonis (Neapolitan), Frank Costello and Albert Anastasia (Calabrian) and, later, close relations with Meyer Lansky (Jewish).[443]

As Masseria's power over moonshine and bootleg operations expanded in lower Manhattan, he confronted hostility from the D'Aquila *cosca* based in Harlem.[444] After a series of hits on each other's criminal networks, Masseria began sponsoring challenges to mafia leaders backed by D'Aquila around the country, most successfully in Cleveland in 1927.[445] In October 1928, D'Aquila himself was gunned down on Avenue A in the East Village. Insider sources suggested Masseria was responsible.[446] This left Maranzano as Masseria's major rival within the American mafia.

Maranzano's network was more narrowly 'Sicilian'. His *sottocapi* and *capiregime* included Joe Bonanno (from Castellammarese, Sicily) and Joe Profaci (from Palermo), and Maranzano had placed 'traditionalist' protégés in key locations throughout New York state.[447] When a Castellammarese *capo* in Detroit, Gaspar Milazzo, was gunned down on 31 May 1930, Maranzano blamed Masseria, and called on other Castellammarese across the country to revolt against Masseria's increasingly overbearing power.[448] A later interview with Nicola Gentile, a mafia elder statesman called in to negotiate an end to the violence that resulted from the Maranzano-Masseria rivalry, threw light on what had been at stake:

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[441] Raab, p. 26.
[442] Critchley, p. 213.
[443] *Ibid*., p. 142
[444] *Ibid*., pp. 154-155.
[445] *Ibid*., pp. 155-156.
[446] *Ibid*., p. 157.
[447] Bonanno, p. 76; Lacey, p. 62.
[448] Messick, *Syndicate Abroad*, pp. 16-17.

> *Chilanti [the interviewer]:* I don't understand what Maranzano wanted. Was it a question of money, of whiskey…?
>
> *Gentile:* Not at all. In that period money was not needed. There were mountains of dollars available to everyone…
>
> *Chilanti:* But then what was Maranzano after?
>
> *Gentile:* He wanted something more terrible than money: he wanted power.[449]

The violence within the mafia was intensely political. Masseria's ascendancy in the late 1920s had generated resentment and resistance. He antagonized Sicilian traditionalists through his willingness to empower non-Sicilians.[450] Going over the heads of local Sicilian *capi* he initiated Al Capone (a Neapolitan) into the mafia and appointed him as his deputy in Chicago.[451] The assassination in Detroit suggested Masseria would not stop until he controlled American *cosche* nationwide.[452] His adversaries, such as Joe Bonanno in Brooklyn, saw Masseria pursuing power 'through a combination of intimidation, strong-arm tactics, bullying and tenacity'.[453] Gentile concluded that

> The actions of the Masseria government were imposed through a dictatorship, through exasperating commands which did not allow reply… They ruled by force of terror.[454]

Maranzano mobilized a coalition to contest Masseria's centralization of power.[455] Active resistance appears to have begun in late 1929. The Masseria *capo* installed to run the *cosca* in Cleveland was assassinated.[456] In the Bronx, a *sottocapo*, Tommaso Gagliano, prepared a revolt against another Masseria-installed *capo*, and reached out to Maranzano for support.[457] Maranzano used the killing in Detroit as a pretext to stoke dissent, describing it as 'tantamount to a declaration of war against all Castellammarese'.[458]

The violence that followed, now known as the 'Castellammarese War' was not a pitched battle between the established regime and a united opposition. It was,

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[449] Gentile, p. 104.
[450] Critchley, pp. 171-172.
[451] See Gentile pp. 96-97.
[452] Critchley, pp. 175-176; see also Bonanno, p. 106.
[453] Bonanno, p. 85.
[454] Gentile, p. 96, author's translation.
[455] Critchley, p. 189.
[456] Gentile, p. 92.
[457] Critchley, p. 176.
[458] Critchley, pp. 176-177; Gentile, p. 96; Bonanno, p. 94.

like many civil wars, a series of opportunistic engagements between shifting alliances organized around two poles of power. Both poles were based in New York, and this was the primary operational theatre of the war. Recalling Stathis Kalyvas' explanation of the relationship between local disputes and civil war violence,[459] Critchley explains that during the Castellammarese War

> murders outside of New York were the outcome of chiefly localized dynamics exploding or simmering just below the surface before the War began, while being influenced by personalities and events as they emerged in New York.[460]

Concerned for his safety, Schiro, still the nominal *capo* in the Brooklyn-based *cosca* despite Maranzano's growing personal influence, went into hiding. In July 1930, after a major financial backer for the Schiro *cosca* was assassinated, Maranzano was formally designated 'war commander'.[461] *Soldati* sent their families away for safety. A centralized chain of command was created stretching across both the Schiro and Bronx-based Gagliano *cosche*, with Joe Bonanno as chief of staff to Maranzano. Centralized intelligence and communications apparatus were created, and the group began importing guns. Similar arrangements were also put in place on Masseria's side.[462]

Both sides began raising substantial funds. The mafia leaders Magaddino and Aiello provided perhaps as much as $5,000 per week to the Castellammarese. Gagliano put up $150,000, and Maranzano made a similar contribution.[463] These funds were used both for materiel, and to pay the frontline soldiers, many of whom were holed up in safe-houses awaiting orders, or undertaking surveillance – and thus unable to run their normal rackets.[464] Human smuggling from Europe also appears to have played an important financing role for Maranzano.[465] Masseria (and Luciano) may have turned to drug trafficking from Europe.[466] These financing and

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[459] Stathis Kalyvas, *The Logic of Violence in Civil War* (Cambridge: Cambridge University Press, 2006).
[460] Critchley, p. 176, and see pp. 171-173, 182. Compare Bonanno, pp. 87-88.
[461] Bonanno, p. 104; Raab, p. 27.
[462] Bonanno, p. 104; Gentile p. 97; Maas, p. 77.
[463] McClellan Hearings, Part 1, p. 193; Critchley, p. 179.
[464] McClellan Hearings, Part 1, pp. 103-104.
[465] See 'Alien-Smuggler Suspect Slain in Park Ave Office', *N.Y. Herald Tribune*, 11 September 1931; 'Seek Official Link in Alien Smuggling', *N.Y. Times*, 12 September 1931; Block, *East Side*, p. 8; Lupo, *History*, p. 147; Davis, 'Things I Couldn't Tell', Part III, 5 August 1939, p. 44.
[466] Newark, *Lucky Luciano*, pp. 1-10; see also Thomas Hunt, 'Year-by-year: Charlie Lucky's Life', *Informer* (April 2012), p. 41.

logistical networks quickly generated an arms race. Both Masseria and Maranzano took to riding in armour-plated cars, and Maranzano had a swivel-mounted machinegun installed in the back seat.[467]

Maranzano went on the offensive, hitting several targets before Masseria could retaliate. On 15 August 1930 Maranzano's forces killed Masseria's mentor, Morello, and two others at 352 East 116th Street. On 5 September 1930 Gagliano's men killed a Masseria-allied *capo* in the Bronx, with that *cosca* then formally defecting to Maranzano's cause.[468] This was a major strategic development. The new *capo* in the Bronx, Gagliano, was not a Castellammarese: he was born in Corleone. Masseria now found himself confronted not just by a Castellammarese kinship network, but by a broader alliance of Sicilians claiming to be protecting the Sicilian 'tradition'. In November 1930, a joint operation by Maranzano and Gagliano *soldati* penetrated a secret Masseria conclave in the Alhambra apartments at 760 Pelham Parkway in the Bronx, killing two and almost killing Masseria himself.[469] Masseria's vulnerability was now obvious to all.

Mediation and betrayal

Maranzano sought to press home his advantage. Despite his gains, he was running out of time. For much of 1930, the police had stood by.[470] Gentile claims that the Police Commissioner told the mafia *capi* that 'so long as they killed amongst themselves, it did not concern him'. But as press alarm grew (magnified by leaks from the belligerents, using the press as a bullhorn to stoke fear and intimidate their rivals) he indicated to the *capi* that they must either resolve the matter themselves – without resort to gunfire – or they could expect a police crackdown.[471]

Maranzano switched from a military to a political track. Demonizing Masseria as a despot, he sold himself to the mafia rank and file as a bridge-building alternative leader.[472] Drawing on Sicilian practice, he instigated the convening of the first 'General Assembly' of the American mafia in Boston on 1 December 1930.

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[467] Raab, p. 27; Bonanno, p. 104.
[468] Critchley, pp. 180-182.
[469] 'Two men shot dead in Bronx gun-trap', *N.Y. Times*, 6 November 1930, p. 27; Bonanno, pp. 118-121; Critchley, pp. 182-183; Hunt, 'Year-by-year', p. 41.
[470] Raab, p. x.
[471] Gentile, pp. 98, 106; McClellan Hearings, Part 1, p. 215; Critchley, p. 180.
[472] Bonanno, p. 120; Critchley, p. 186; Gentile, pp. 97-107.

The Assembly elected a neutral Boston *capo*, Gaspare Messina, as provisional *capo di tutti capi* and created an impartial five-man commission (including Nicola Gentile) charged with negotiating a peace settlement.[473] The commissioners met with Maranzano for four days and offered to organize new elections for a permanent *capo di capi*. But Maranzano insisted Masseria must go, and tried to convince the commissioners to approve his replacement by his *sottocapo*, Vincent Mangano. Desperate, Masseria disappeared from view while telling his supporters to unilaterally disarm and offering himself to become a 'plain soldier'.[474] Once they felt they had amassed adequate political support, Maranzano's supporters circulated a letter calling a new General Assembly, this time in Maranzano-supporting New York.[475] There, in front of some 300 mafiosi, Maranzano offered a rousing speech that increased pressure for Masseria's assassination.[476] The commissioners proposed a two-month truce, but Maranzano rejected the idea, and soon after, another key Masseria financier, Joseph Catania, was assassinated.[477]

Critchley's description of the role of this General Assembly paints a picture of peacemaking between mafia Families that could easily describe a contemporary civil war peace process overseen by the United Nations:

> Parties in dispute were 'encouraged' to discuss solutions to problems, but it was ultimately left to Family heads to accept or to reject them. The system left the general assembly during the War in the difficult position of aiming to restore peace but without the means to enforce it.[478]

Just as successful international conflict resolution often depends on underlying military factors, so Maranzano's political ascendancy in the American mafia flowed from his forging of an unassailable military coalition. Yet he had not delivered the *coup de grâce*. Masseria, though humiliated, lived. Maranzano turned to Masseria's own war commander, Lucky Luciano.[479] On 15 April 1931 Luciano, Vito Genovese and Joe Adonis met Masseria at the Nuovo Villa Tammaro

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[473] Gentile, pp. 102-103
[474] Gentile, p. 98; Critchley, p. 185; McClellan Hearings, Part 1, p. 198.
[475] Gentile, p. 107.
[476] *Ibid.*, pp. 108-109; Bonanno, pp. 121-122.
[477] Gentile, pp. 110-111.
[478] Critchley, p. 185.
[479] Bonanno, pp. 121-122; Newark, *Lucky Luciano*, pp. 57-58.

restaurant in Coney Island, and assassinated him at the lunch table.[480]

Luciano's decision to betray Masseria and throw his weight behind Maranzano decided matters in Maranzano's favour. But this begs a question. Why did the other *capi*, many of whom were older and of higher standing than Luciano, go along with this move? Luciano was not, after all, *capo* of his own *cosca* at this point; ordinarily, his assassination of his own *capo* would risk harsh punishment by other *capi*. Luciano's move was justified by his peers in classic *realpolitik* terms, as a necessary evil to protect the integrity of the mafia from the twin threat of internal collapse and external invasion (by the state). Gentile summarized this thinking neatly: 'It was a just decision because the Masseria government was already in crisis, no longer exercised power, and was thus a danger to us all.'[481]

Peace

Five Families

Maranzano quickly instituted a series of organizational reforms designed to entrench his power. A third General Assembly was held in May 1931 in Chicago, reorganizing New York's *cosche* into the 'Five Families'.[482] These later came to be known by the names of the *capi* that succeeded the leaders in place at this point. Maranzano's Castellammarese-based group ultimately became the Bonanno Family, after Joe Bonanno. Luciano's group went on to become known as the Genovese Family, after Vito Genovese. Tommy Gagliano's Bronx-based group was known as the Lucchese Family, and the remnants of the Aquila *cosca* became the Gambino Family. Joe Profaci, who had managed to stay largely neutral through the War, led the fifth group, later known as the Colombo Family.[483]

The creation of these 'Five Families' was about more than leadership appointments and names, however. It was a post-war political settlement within the American mafia. It provides the constitutional foundation for the American mafia to

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[480] Valachi's account in McClellan hearings, Part 1, pp. 210-212; Raab, p. 28; Bonanno, p. 122; Gentile, p. 117.
[481] Gentile, p. 112, author's translation.
[482] Gentile, pp. 113-115.
[483] Bonanno, p. 125; Gentile, p. 115.

this day. Because of the political and economic dominance of the New York *cosche* within the Italian-American underworld, their reorganization triggered realignment across the country. The way in which this settlement was carefully hammered out and publicized suggests a deliberate and strategic organization of the American mafia, belying the contention of sociologist Francis Ianni that American mafia Families were 'not consciously constructed formal organizations'.[484]

Joe Bonanno, Maranzano's right hand man, records a series of conclaves between Maranzano and other mafia leaders in Chicago and up-state New York that allowed each leader to 'identify and place himself within the new political constellation'.[485] The settlement was then publicized to New York *soldati* at a meeting in the Bronx. Maranzano was to be *capo di tutti capi*.[486] New, clearer, rules were introduced to deal with disputes between the Families.[487] The old rules forbidding mafiosi from using force against each other were also emphasized.[488] While the war had forced changes in command and control structures to respond to operational tempo, the Bronx meeting made clear that old command hierarchies were reinstated.[489] The new settlement was not a wholesale change: it represented a codification and formalization of old approaches, adapting them to new realities. The governmentality was old, but the governmental institutions were new.[490]

Coup d'état

In early August 1931 a three-day testimonial 'banquet' was held to mark the end of the War and to ratify Maranzano's new regime. $115,000 in tributes was raised through $6 tickets and contributions in cash envelopes. Maranzano's supporters were dancing, almost literally, on Masseria's grave: the banquet was held at the Coney Island restaurant where he had been murdered.[491]

Such an ostentatious show of power suggested a tin ear on the part of a leader who had earlier promoted rebellion precisely on the basis that his predecessor

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[484] Ianni, 'Formal and Social Organization', p. 33.
[485] Raab, p. 29; Bonanno, pp. 125-129.
[486] Raab, p. 29.
[487] Mass, p. 84; McClellan Hearings, Part 1, p. 215; Gosch and Hammer, pp. 134-135.
[488] Maas, pp. 85, 179-180; McClellan Hearings, Part 1, pp. 184-185.
[489] Maas, p. 85; McClellan Hearings, Part 1, pp. 80-81, 195, 216-217; Gosch and Hammer, p. 134.
[490] Compare Critchley, p. 188.
[491] McClellan Hearings, Part 1, pp. 217-218; Messick, *Syndicate Abroad*, p. 20; Bonanno, p. 124; Gentile, p. 115.

had grown too big for his boots. In short order, Maranzano's political coalition began to fray. While he was a natural military commander, even his chief of staff, Bonanno, conceded that Maranzano 'became somewhat of a misfit' in the peacetime environment.[492] He seemed to be stuck in war mode, unable to make the transition to the diplomacy required for peacetime coalition government. Instead of distributing the Coney Island funds as a peace dividend, he pocketed them, arguing that he needed them to maintain his regime's security.[493] He warned Magaddino and Capone that he sensed 'very strongly the possibility of the outbreak of a [new] war'.[494] Outwardly conciliatory, he secretly prepared a target-list of 60 underworld opponents to be purged.[495] These were senior and mid-level leaders 'he could not get along with' – all originally in opposition during the War, or slow to join Maranzano's winning team.[496] Lucky Luciano was at the top of the list. He had recent form, when it came to double-crossing a *capo di tutti capi*.[497] Maranzano hired an Irish hitman, Vincent 'Mad Dog' Coll, to kill Luciano.[498] But one of Maranzano's supporters spilled the beans to Luciano, Capone and Mangano.[499] Luciano went to ground and turned to his Jewish gangster friends for help.

In the middle of 1931, Maranzano had taken a protection contract – which Luciano had already turned down – in the garment industry, setting the mafia at odds with Louis 'Lepke' Buchalter, a Jewish gangster that Luciano had worked with during Prohibition. Buchalter was working for the other side in the garment dispute.[500] Maranzano's intervention worked against Luciano's interests, both at a financial level (he had interests in Buchalter's racketeering venture) and politically (by signalling to the Jewish gangsters that he could not protect them from Italian-American interference). But it also gave him an advantage: an interest amongst the Jewish gangsters to get rid of Maranzano. Luciano and his *consigliere* Costello appear to have met with Lepke Buchalter, Meyer Lansky and Ben 'Bugsy' Siegel

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[492] Bonanno, p. 137
[493] Newark, *Lucky Luciano*, p. 62.
[494] Critchley, p. 191.
[495] Gentile, pp. 116, 122-123.
[496] McClellan Hearings, Part 1, p. 221; Bonanno, p. 139; Gentile, p. 116.
[497] Messick, *Syndicate Abroad*, p. 19.
[498] Bonanno, p. 139; Hunt, 'Year-by-year', p. 43; Gosch and Hammer, pp. 138-139; McClellan Hearings, Part 1, p. 221.
[499] Gentile, p. 110; Gosch and Hammer, p. 141.
[500] See Critchley, pp. 192-193; Bonanno, p. 140; Scaduto, p. 74.

and hatched the plan to assassinate Maranzano.[501]

Maranzano had over-reached, creating a whole new set of enemies. Luciano and his supporters carefully consulted with a range of Italian and Jewish supporters around the country.[502] The hit was carried out in Maranzano's office not by Luciano's own men but by Jewish gangsters under Meyer Lansky's control, masquerading as federal tax officials. Maranzano's men would likely have recognized Luciano's men; they did not recognize Lansky's.[503] In the days that followed, several other Maranzano supporters were also killed.[504] In return for their help, Luciano and Gagliano in turn appear to have helped Lansky and his associates in their 1933 'Jewish War' against Irving 'Waxey Gordon' Wexler, scoping, planning and carrying out the assassination of Murray Marks.[505]

A new governmental approach

Luciano's *coup* against Maranzano left him in a strong position to assume individual leadership of the American mafia. But he recognized that both Masseria and Maranzano had become vulnerable precisely because they had sought to install themselves as *capi dei tutti capi*. Luciano took a different tack, creating a new governmental approach within the mafia. Under his leadership, a coordinated, national, multi-ethnic 'Mob' emerged for the first time.

Luciano's signature institutional reform was the creation of a permanent 'Committee of Peace', later called 'The Commission'. This brought together the heads of the Five Families, Capone from Chicago, and Ciccio Milano of Cleveland.[506] (This was later expanded to ten to twelve *capi*.) The Commission would exercise key aspects of the Families' governmental power *collectively*, to resolve disputes and maintain peace.[507] Unsurprisingly, this was welcomed by the other Family *capi*. 'He was not trying to impose himself … as had' his forebears,

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[501] Scaduto, p. 90.
[502] Gosch and Hammer, p. 136; McClellan Hearings, Part 1, p. 222.
[503] Gentile, pp. 117-118; Messick, *Syndicate Abroad*, p. 21; Critchley, p. 195.
[504] In the popular literature, this has been inflated to a 'purge' of some sixty to ninety leaders. A close reading of newspaper accounts at the time suggests this is vastly exaggerated: Block, *East Side*, pp. 3-9.
[505] Critchley, p. 195; McClellan Hearings, Part 1, p. 229.
[506] Raab, p. 33.
[507] McClellan Hearings, Part 1, pp. 81, 236-237.

concluded Bonanno.[508] Still, the Commission, like any committee, was not a level playing field. Though all members were formally equal, there were subtle informal power factors in play, including tenure and proximity to New York's Five Families.[509] Luciano served as *de facto* 'chairman' from its establishment until his imprisonment in 1936.

The Commission idea seems to have been put to, but rejected by, Maranzano.[510] Luciano made it a priority. It was this body, not he acting alone, that would now have the power to 'decide policy, establish jurisdiction, and make agreements'[511] – in other words, to govern mafia affairs. Dixie Davis, lawyer to the Jewish gangster Dutch Schultz, described the impacts of Luciano's regime:

> the organization was no longer a loose, fraternal order of Sicilian black-handers [*mano nero*] and alcohol cookers, but rather the framework for a system of alliances which were to govern the underworld.[512]

Members looked to the Commission as 'the ultimate authority on organizational disputes'.[513] When in the 1960s Joe Bonanno pushed to take over territory in California and Canada without prior Commission authorization, two *capi* from the Genovese Family were caught discussing it on tape. One opined:

> If one member can dispute a Commission order you can say good-bye to Cosa Nostra, because the Commission is the backbone of Cosa Nostra. It will be like the Irish mobs who fight among themselves and they [the *mafia*] will be having gang wars like they had years ago.[514]

The Commission system was seen, in other words, as the foundation of effective collective government within the American mafia. The Commission could even place a Family under temporary collective trusteeship.[515] 'The organization would be supreme; its parts, replaceable', as Raab put it.[516]

The Commission's collective control of mafia capabilities was reflected in several further organizational innovations. First, though in practice it rarely happened, *soldati* were in theory allowed to appeal to the Commission not through

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[508] Bonanno, p. 140.
[509] President's Commission, *Task Force Report: Organized Crime*, p. 8; compare Raab, p. vii.
[510] Critchley, p. 206
[511] FBI, *Mafia Monograph*, II, p. 108.
[512] Davis, 'Things I Couldn't Tell', Part V, p. 36.
[513] Cressey, *Theft*, p. 33.
[514] Quoted in Raab, pp. 164-165.
[515] Two cases are discussed in Raab, p. 164.
[516] Raab, p. 33.

their *capo* but through their Family's *consigliere*. This gave the sense that the system was more of a 'constitutional government' than the previous feudal arrangement, since the *soldato*'s rights seemed no longer to depend, at least formally, entirely on the discretion of his *capo*. As Gentile recognized, 'The government, so composed, gave assurance of trust, because everyone could turn to it without being coerced in their ideas.'[517]

Second, during the 1930s, the Commission established a collective coercive capability ('Murder, Inc.'), a squad of a dozen specialist assassins, disconnected from any particular Family, which it used as a collective enforcement arm.[518] This squad was notable both for the sheer number of contract murders it appears to have carried out – at least 60, but perhaps as high as 400 – and because it had a mixed membership, including significant numbers of Jewish gangsters, helping to bind them into the 'Mob' orbit of the Commission. Murder, Inc. was, in fact, initially led by Louis 'Lepke' Buchalter, who had assassinated Maranzano.[519]

Third, the Commission established collective corruption capabilities, including a consolidated 'Buy-Money Bank' – a strategic fund used for bribing politicians and bureaucrats.[520] And fourth, under the leadership of the Commission, the mafia began developing joint business ventures, with Families taking equity positions in syndicates bringing together not only mafia Families but also non-mafia criminal groups (notably Jewish gangsters, such as Meyer Lansky and Bugsy Siegel) to develop and manage new operations.

Just as important as these formal institutional changes, however, was the shift in the mafia's broader concept of itself and the rules that governed mafia conduct – its governmentality. All Five Family *capi* approved by Maranzano had been born in Sicily. Luciano, however, appointed a Neapolitan, Vito Genovese, as his *sottocapo*, and a Calabrian, Frank Costello, as *consigliere*. What was more, he made clear his intent to continue to collaborate closely with Jewish mobsters, even inviting Lansky to sit in on some Commission meetings as an observer.[521] The

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[517] Gentile, p. 119, author's translation. See also Gosch and Hammer, pp. 144, 147.
[518] Compare Gutiérrez Sanín and Giustozzi.
[519] Raab, p. 67; Wendy Ruderman, 'The Ice Pick Seems Antiquated, but It Still Shows Up on the Police Blotter', *N.Y. Times*, 31 August 2012.
[520] Gosch and Hammer, pp. 29, 51, 79-81; FBI, *Mafia Monograph*, II, pp. 18-21, 97.
[521] Maas, p. 98.

Commission formally governed only the mafia Families, but in practice it set the course for the broader Mob, including Lansky, Siegel and their criminal associates.

Because these reforms made the mafia 'more businesslike' (as Joe Bonanno and Joe Valachi separately put it),[522] they are sometimes styled a 'managerial revolution'.[523] The reforms were indeed revolutionary, in the sense that they escaped the path-dependency of the Sicilian mafia tradition. As Gutiérrez Sanín and Giustozzi have noted, 'organizational solutions' adopted by clandestine militant leaders 'weight heavily over the solutions that will be adopted tomorrow, because they create know-how and social interactions that are organization-specific'.[524] Luciano's genius was in finding a way to adapt the mafia's approach *without* any apparent normative revolution. He did this by developing a strategic approach that repositioned mafia governmentality in the context of American capitalist culture.

Luciano himself described his approach in business terms. He encouraged managerial reforms within Families' operations, fostering specialization of labour.[525] He referred to the Commission as the 'board of directors'.[526] 'The Mafia's like any other organization except we don't go in for advertising', he told an undercover cop. 'We're big business, is all.'[527] Luciano saw himself and other leaders as strategic managers, breaking down situations into solvable problems: 'We was like analysers; we didn't hustle ourselves into a decision before we had a chance to think it out.'[528] His respect for Lansky was based on his recognition of Lansky's strategic nous: he 'was a guy who could always look around corners', he reportedly told Martin Gosch.[529] Luciano and Lansky were, in their own perception, different from the mafia traditionalists: 'We was tryin' to build a business that'd move with the times and they was still livin' a hundred years ago.'[530]

As Eric Hobsbawm observed, under Luciano the mafia 'embodied… the

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[522] Bonanno, pp. 163-164; Maas, p. 85.
[523] Raab, p. 35. See also Stephen Fox, *Blood and Power* (New York: William Morrow, 1989), p. 44; Humbert S. Nelli, *The Business of Crime: Italians and Syndicate Crime in the United States* (Chicago IL: University of Chicago Press, 1981), pp. 140, 180.
[524] Gutierrez-Sanín and Giustozzi, p. 850.
[525] President's Commission, *Task Force Report: Organized Crime*, p. 8.
[526] Gosch and Hammer, pp. 87, 146; FBI, *Mafia Monograph*, II, p. 83.
[527] Sal Vizzini with Oscar Fraley and Marshall Smith, *Vizzini* (New York: Pinnacle Books, 1972), p. 153.
[528] Gosch and Hammer, p. 24.
[529] *Ibid*., p. 82
[530] *Ibid*., p. 101; FBI, *Mafia Monograph*, II, pp. 50-51.

values of "Americanism"'. What 'could be more American than the success stories of penniless immigrant boys clawing their way to wealth and respectability by private enterprise?'[531] Luciano's success lay in connecting the Sicilian tradition and the American mentality. He was seen by his peers as a man of 'two worlds': 'He lived among us, the men of the old Tradition', said Joe Bonanno, the Castellammarese traditionalist; 'but he also lived in a world apart from us', in a 'coterie whose views of life and of moneymaking were alien to ours'.[532]

Perhaps the most significant impact of Luciano's adoption of a more 'managerial' strategy has, however, been overlooked: the external impact. Both the other heads of the Five Families *and* criminal actors outside the mafia saw that Maranzano's rule spelled on-going violence within the mafia, threatening intervention by the state across the underworld. Luciano, in contrast, knew how to do business across Family and ethnic lines. Throughout Prohibition he had worked closely with Jewish – and even Irish – criminal organizations. As Dickie has recognised, these contacts were a 'key resource that he brought to bear *within* the mafia.'[533] The internal and external strategic environments were intertwined.

His emergence as a consensus candidate to replace Maranzano, and the resulting Jewish participation in the *coup*, were based on the prospect of a period of stability and potential growth for all. His reforms sought to make good on that promise. Success would depend not only on maintaining political stability within the mafia – the purpose of the Commission – but also on effective dealings with non-Italian groups, and, ultimately, political organizations and state officials. Maranzano was defeated by a strategic adversary who had understood that the dispute within the mafia was not just over who would rule the mafia and how it should be internally organized, but also over how the mafia should relate to its broader strategic environment, including how it should position itself relative to broader social norms and other sources of governmental power. Both Masseria and Maranzano proved incapable of the kind of 'influence peddling' necessary for effective coalition government.[534] Luciano proved much more adept.

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[531] Eric J. Hobsbawm, 'Robin Hoodo', *New York Review of Books*, 14 February 1985.
[532] Bonanno, p. 150.
[533] Dickie, *Cosa Nostra*, p. 187; see also Lupo, *History*, p. 20
[534] Critchley, p. 189.

Consolidating power

Racketeering and union power

The creation of the Commission opened up new economies of scale for its members. By forming investment and management 'syndicates' or 'combinations' Commission members could mobilize large volumes of capital and expertise to sink into new markets, dwarfing their strategic rivals. This was to prove of particular importance as the imminent repeal of Prohibition became obvious in 1932 and criminal groups jockeyed for control of alternative revenue streams from illegal gambling, prostitution and racketeering.

Mobsters moved heavily in the early 1930s into racketeering – collusion, often forced, between employers and/or labour, to artificially control demand and supply and extract oligopoly prices.[535] Racketeering often emerges where certain structural conditions pertain: where inelastic demand or consumers' inability to differentiate products facilitates over-pricing, or where barriers to a firm's entry or exit are high.[536] Under such circumstances, suppliers have an incentive to collude to fix prices. Coercion and corruption can become important, though secret, commercial capabilities. The Mob stood ready to supply those capabilities – and to force legitimate businesses that were not colluding to do so. One commentator noted 'open declarations… by some of the country's most notorious criminals' that they were getting out of bootlegging, and into racketeering.[537] The Mob could draw on a formidable pool of coercive capabilities experienced in extortion,[538] and it also enjoyed access to capital and other scarce resources such as liquor. As Luciano explained, the spread of Mob influence was steady and insidious:

> We gave the companies that worked with us the money to help them buyin' goods and all the stuff they needed to operate with. Then, if one of our manufacturers got into us for dough that he could not pay back, and the guy had what looked like a good business, then we would become his partner.[539]

Whether, that is, he wanted a Mob partner or not. As Gambetta summarizes,

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[535] See Powell, pp. 93-94; Block, *East Side*, pp. 42-44.
[536] See Gambetta, p. 197.
[537] Gordon L. Hostetter, 'Racketeering – an Alliance Between Politics and Crime', *National Municipal Review*, vol. XXI, no. II (1932), p. 639.
[538] Raab, pp. 37-38; Maas, p. 111.
[539] Gosch and Hammer, p. 77.

'protectors, once enlisted, invariably overstay their welcome'.[540] Just as it had for the Sicilian mafia, dominance in the market for private coercion was turning the Mob into a dominant provider of private protection. Unlike the Sicilian mafia, however, the Mob was a multi-ethnic system operating within a mafia culture. The Families collaborated with Lansky, Siegel and Buchalter on a range of initiatives, notably Murder, Inc., racketeering in the garment industry, and Lansky's struggle with Irving Wexler.[541]

Truckers ('teamsters') and stevedores were also major targets for Mob racketeering.[542] Both handled bottlenecks in supply-chains where employers were vulnerable to extortion, especially in an era when refrigeration remained limited and the loss of perishable goods during transit could inflict severe commercial damage. A 1932 New York state investigation led by Samuel Seabury found racketeering in a staggering list of industries from floristry to the fish market, from millinery to window cleaners.[543] Mob Families quickly penetrated the fish, poultry, green-grocery and dairy distribution chains. Working together with allied Jewish gangs, Mob Families took over the $50-million-a-year kosher chicken racket – extracting rents from producers, wholesalers and retailers.[544] Sanitation disposal followed.[545]

Union power was the next target. The Mob used its street muscle to funnel recruits and dues to allied unions, then graduated to strikebreaking and enforcement of union discipline. It was a short step for the Mob to stack a local union chapter with Mob affiliates. In time, specific union locals came to be considered the 'property' of particular Families. A prominent example was Local 1814 of the International Longshoremen's Association (ILA), operating in the Brooklyn waterfront neighbourhoods. The ILA controlled the assembly of stevedoring crews, giving it significant power to create bottlenecks in the waterfront economy and to extort both employers and employees, as famously represented in Elia Kazan's *On the Waterfront*. The local mafia *capo*, Vincent Mangano, stacked Local 1814 with

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[540] Gambetta, p. 198.
[541] Powell, p. 82; Raab, pp. 37-38; Gosch and Hammer, pp. 77-79.
[542] Gosch and Hammer, pp. 38-40.
[543] See Samuel Seabury to Hon. Samuel H. Hofstadter, *Intermediate Report*, 25 January 1932, and *Final Report*, n.d. 1932, 'In the matter of the investigation of the departments of the government of the City of New York, etc., pursuant to Joint resolution adopted by the Legislature of the State of New York, March 23, 1931' (Albany NY, 1932), in NYPL.
[544] Raab, pp. 39-40; Critchley, pp. 73-74.
[545] FBI, *Mafia Monograph*, pp. 75-76; Kefauver Committee, *Report*, pp. 151-162.

Mangano Family associates, with the brother of *sottocapo* Albert 'The Executioner' Anastasia, a key figure in Murder, Inc., installed as leader of Local 1814.[546] Through the Local, the Anastasias developed significant waterfront loan-sharking, illegal gambling and marine hijacking activities. The Mangano (later Gambino) Family emerged as the broker of the corrupt exchanges that kept Brooklyn waterfront traffic flowing.[547] It was exactly this control that would make it necessary for the US Navy to turn to the Mob during World War Two, as we explore in the next chapter.

The power that the Mob was accruing through union infiltration was not limited to the underworld. It stretched into upperworld politics and institutions.[548] The Anastasias stacked other union branches with their own supporters and began placing them into formal governmental roles.[549] In the mid-1930s Albert Anastasia's son-in-law Anthony Scotto controlled the appointment of the commissioner of the city's Department of Ports and Terminals, giving him influence over maritime traffic, waterfront contracts and real estate. Scotto's personal attorney sat on a government commission appointed to investigate corruption on the waterfront. At a later trial, two former New York mayors, a New York state senator and the President of the AFL-CIO (the peak union body in the US) all testified as character witnesses for Scotto – a sign of how far the Anastasias' influence reached.[550]

One important 'friend' of the Anastasias was Brooklyn District Attorney William O'Dwyer.[551] O'Dwyer was famous for convicting members of Murder, Inc. It was only later, when he was New York Mayor that evidence surfaced suggesting he may have protected the Anastasias during that case, possibly through the death of

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[546] Block, *East Side*, pp. 183-191; see 'Interim Report of Evidence Adduced by the State Crime Commission Relating to Six Brooklyn Locals of the International Longshoremen's Association: Confidential', September 1952, in CURBML.
[547] See New York State Crime Commission, 'Fourth Report, Port of New York Waterfront', Legislative Document no. 70, 1953, in CURBML, p. 12; Raab, FF, p. 68
[548] Block, *East Side*, p. 194.
[549] Compare *ibid.*, pp. 193-194
[550] U.S. Senate, Committee on Governmental Affairs, Permanent Subcommittee on Investigations, 'Statement of Robert B. Fiske, Jr., Former US Attorney, Southern District of New York and Alan Levine, Former Assistant US Attorney, Southern District of New York', in *Waterfront Corruption*, Hearings, 97th Congress, 1st session, 25 February 1981 (Washington DC: US Government Printing Office, 1981).
[551] See esp. Block, *East Side,* pp. 95-125, 189-190.

a star witness.[552] A US Congressional investigation found that '[n]o matter what the motivation of his choice, action or inaction, it often seemed to result favorably for men suspected of being high up in the rackets'.[553]

Gambling innovation and political finance

As Prohibition ended, the gambling sector was one of the few that seemed to offer revenues approaching those from bootlegging. The onset of the Great Depression had increased desperation and participation in gambling. The sector quickly became a Mob 'mainstay', with the Commission increasingly asserting its power over everything from local 'numbers' and 'policy' games (informal lotteries), to backroom craps games and casinos.[554]

As in other industries, the Mob's route to control lay not through direct confrontation, but through iterative development of leverage over established operators: rendering coercive services and offering (or often, imposing) protection; leveraging that into equity investments and debt; and then steadily taking over beneficial ownership, and sometimes also management.[555] 'By 1936', claimed Dixie Davis, 'nobody could run a gambling joint… unless he stood in with the Italian mob.'[556] In cities where the Mob had not previously been dominant, it would take a coordinated syndicate approach and 'split up the gambling rights among the mob barons from various cities'. This was the approach taken in Miami, Las Vegas and – later – Havana.[557]

The gambling expansion owed much to the innovative leadership of two non-Sicilians close to Luciano. The first was Meyer Lansky. Lansky learned from Arnold Rothstein, the entrepreneurial criminal financier who backed many of the Jewish bootlegging outfits during Prohibition, probably rigged baseball's 1919 World Series, and was close to Tammany bosses such as 'Big Tim' Sullivan and Mayor Jimmy Walker.[558] Under Lansky's supervision, the Mob adapted the 'wire' then being used to allow nationwide betting on horse-races into a sophisticated risk-

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[552] Kefauver Committee, *Report*, pp. 105-111; Gosch and Hammer, pp. 251-255.
[553] Kefauver Committee, *Report*, p. 122.
[554] Davis, 'Things I Couldn't Tell', Part V, p. 36.
[555] See Hank Messick, *Lansky* (New York: Putnam, 1971), p. 128.
[556] Davis, 'Things I Couldn't Tell', Part V, p. 36.
[557] *Ibid.*
[558] Lacey, pp. 49-52, 82-83.

hedging system for 'lay-offs' amongst local 'policy' and 'numbers' games (lotteries). The Mob forced local lottery operators to pool risk; if one of them suffered large losses, they were insured and protected, and would not collapse.[559] This helped to maintain stability, a steady flow of rents – and minimize violence. The Mob was acting as a prudential regulator for the American underworld, and in the process keeping the state off its back.

The second innovator was Frank Costello. Beginning in 1931 he led a Mob takeover and expansion of the slot machine industry. The Mob created a national distribution network, forcing the machines on small business owners operating under Families' 'protection' all over the north-east, using a candy-vending outfit (True Mint Novelty Co.) as a front.[560] In 1933 the Mob had 25,000 one-armed-bandits grossing about $500,000 per day. By 1940, there were 140,000 slot machines operating nationwide, generating $540 million annual revenues.[561] Strategic coordination amongst the Families and their close non-Italian allies was crucial to this explosive growth. So, too, was political protection. Costello hired politicians as distribution agents and partners, buying off local law enforcement and opening up new markets.[562] During the 1932 Democratic National Convention in Chicago, for example, Costello negotiated a deal with Senator Huey Long of Louisiana, who was desperate for campaign finance.[563] New Orleans was soon flooded with slot machines, with Long taking 10 per cent of the proceeds.[564]

Such rapid growth risked fostering violent competition within the Mob and undoing the political settlement that Luciano had cobbled together with such success after the Castellammarese War. Yet Luciano and Lansky proved spectacularly successful in managing political coalitions within the Mob, using the syndication model to carefully distribute the benefits of growth. When necessary, however, they would also resort to violence. A good example was provided by the Las Vegas venture in the 1940s. Las Vegas already served as a kind of on-shore

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[559] Compare Gosch and Hammer, p. 107.
[560] Raab, p. 60.
[561] Gus Russo, *The Outfit: The Role of Chicago's Underworld in the Shaping of Modern America* (New York: Bloomsbury, 2001), pp. 112-117, 187-189.
[562] Haller, 'Bootleggers', p. 127.
[563] Bell, 'Crime as an American Way of Life', p. 147.
[564] Maas, p. 99; Haller p. 127; Kefauver Committee, *Report*, pp. 93-94; Raab, pp. 60-61; Gosch and Hammer, p. 163; Matthew Barnidge, 'Connected by vice: The Longs, Marcello & Concordia', *The Concordia Sentinel*, 9 July 2009.

'off-shore' centre for the US, a normative enclave that provided a range of services such as boxing and divorce that had been prohibited elsewhere.[565] Its growth into a gambling powerhouse in the 1940s was financed by a Mob consortium initially managed by Bugsy Siegel. Siegel had grown up with Lansky and Luciano on the Lower East Side, and worked successfully for the Mob on the West Coast running gambling operations in Los Angeles and infiltrating the stagehands' union in Hollywood. But his management of the Mob's venture in Las Vegas, notably the Flamingo hotel and casino, was disastrous. At a meeting in Havana at Christmas 1946 (discussed in Chapter 7), the Commission, together with Lansky, ruthlessly agreed to jettison him. He was murdered in June 1947. The Flamingo – and the Las Vegas venture – rolled on without him.

Effective management of internal and external politics were, however, intertwined. In the 1950s, when Miami emerged as an important gambling market under Meyer Lansky's leadership a Chicago mafia Family muscled in by underwriting (with over $300,000 in donations) the Democratic gubernatorial campaign of Fuller Warren. Once elected, Warren appointed Special Investigators to look into the Mob syndicate that controlled gambling in Miami, forcing Lansky and others to give the Chicago Family a larger cut in order to buy protection from Warren.[566] The investigation came to nought.

The connection between gambling and political fund-raising was highly significant. 'Losing' a hand at cards or dice is an age-old way to pass a bribe. And the Depression had made gambling an even more important source of political finance than it had been in the past as other sources dried up. The intertwining of gambling and political fundraising could be found in a wide range of American cities controlled by political 'machines' of both Democratic and Republican stripes.[567] Because it required both careful internal coalition management and protection by external governmental actors, the Mob's expansion into gambling both increased risk for the circle immediately around Luciano, notably Frank Costello and Meyer Lansky, and also made them more powerful nodes in the Mob network. In time Costello came to be known as the 'Prime Minister' of the

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[565] Haller, 'Bootleggers and American Gambling', pp. 129-130.
[566] Messick, *Lansky*, p. 48.
[567] Kefauver Committee, *Report on Organized Crime*.

underworld, reflecting his emergence as the first amongst equals in the pseudo-parliamentary Commission and for his growing influence over the political networks within Tammany Hall. (Lansky, in turn, was nicknamed the 'Henry Kissinger' of the underworld, referring to his central role in the Mob's overseas operations (discussed further below).[568])

Costello was born 'Castiglia' in Calabria, but changed his name after falling in with the Irish gangster William Dwyer in East Harlem during Prohibition.[569] Through Dwyer he forged strong ties with Tammany's then largely Irish power networks.[570] When Costello aligned with Luciano and Lansky during Prohibition, they used the 'Buy-Money Bank' – a joint corruption fund used to purchase political and police protection – to spread influence through corruption of these networks.[571] Politicians still needed the same things they always had – a way to discipline voters on election day and money to campaign.[572] An article in *The Forum* in 1931 noted that gangs still played a 'considerable part in elections… the tricks of colonizing districts, of repeating, of stuffing ballot boxes, and of terrorizing voters often require the assistance of gangs'.[573] Control of vice and gambling served for the Mob as a doorway to the corridors of upperworld power. As Tammany Mayor O'Dwyer (no relation to Dwyer, but the same O'Dwyer tied to the Anastasias in Brooklyn), who was elected mayor with Costello's help, told the Kefauver Committee: 'It doesn't matter whether it is a banker, a businessman, or a gangster, his pocketbook is always attractive.'[574]

Tammany links proved vital in extending Mob power.[575] By 1942 Costello had 'major influence' within Tammany, determining the succession at the top of Tammany Hall, and proving able to summon Tammany leaders at will.[576] Tammany links into the judiciary also proved important. A 1930 New York Supreme Court inquiry found that court officers at every level were beholden to Tammany,

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[568] See *N.Y. Post*, 16 April 1940; Kefauver Committee, *Report,* pp. 102-103; *Miami News*, 18 December 1975.
[569] Gosch and Hammer, pp. 25, 29.
[570] Kefauver Committee, *Report,* pp. 96, 102.
[571] Gosch and Hammer, pp. 29, 51, 74, 79-81; FBI, *Mafia Monograph*, II, pp. 18-21, 97; Raab, p. 45.
[572] Kefauver Committee, *Report,* pp. 164-167.
[573] Walter Lippmann, 'The Underworld - A Stultified Conscience', *The Forum,* LXXXV:2 (1931), p. 67.
[574] *Ibid.,* p. 99; Raab, p. 64.
[575] Gosch and Hammer, p. 34.
[576] Kefauver Committee, *Report,* pp. 92, 103, 125; Raab, p. 62.

routinely exercising their powers not with reference to their legal or administrative duties, but in an 'entrepreneurial' fashion.[577] Police would routinely set up vulnerable innocents – especially poor women who would be charged with prostitution – in order to extort legal fees, bribes and other rents.[578] And this influence also extended into the upper judicial echelons. In 1943 a wire-tap picked up Thomas Aurelio, Tammany's new nominee for a position on the state Supreme Court, thanking Costello for pulling the strings to get him nominated, and assuring him of his 'undying loyalty'.[579]

Costello insisted to the Kefauver Committee that he was 'not a politician, only a friend of politicians'.[580] It was an unconvincing distinction: by 1934 the Mob controlled the District Attorneys of both Manhattan and Brooklyn, the major contracting and financial offices of municipal institutions, police officials and major port controllers.[581] Paradoxically, when the reform-minded Republican, Fiorello LaGuardia captured City Hall that year, it *increased* the Mob's sway over Tammany. The loss of access to revenues from state patronage and public procurement made Tammany more dependent on private financing. The Mob, with its growing control of racketeering, gambling and other criminal markets, offered it.

Fall of a Czar

Playing kingmaker

For Mob leaders, influence over upperworld politicians and government officials was not just instrumentally desirable to protect profits, but also intrinsically desirable in itself. It made them feel powerful. Luciano later recalled a night in 1923 when he had distributed a huge block of tickets to a heavyweight world title fight *gratis* to the police commissioner, Tammany politicians, the press and celebrities.[582] That was, he said, the night he first 'had the feelin' of real power'.[583] By 1932

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[577] Block, *East Side*, p. 33.
[578] *Ibid.*, p. 34.
[579] *Time*, 28 November 1949, p. 27; Raab, p. 63
[580] Raab, pp. 92, 102.
[581] Thomas Kessner, *Fiorello H. La Guardia and the Making of Modern New York* (New York: McGraw Hill, 1989), chapter 10.
[582] Gosch and Hammer, pp. 56-58.
[583] *Ibid.*, pp. 58-59.

Luciano was setting his sights even higher: influence over the White House.

The 1932 Democratic presidential nomination had come down to a contest between two New York politicians: Al Smith, a reform-minded Tammany former governor; and Franklin Delano Roosevelt, the sitting governor, not aligned with Tammany. If he was to win the nomination at the Chicago Democratic Convention, Roosevelt needed to neutralize the Tammany threat. As a growing power in Tammany affairs, the Mob leadership saw a huge strategic opportunity. Luciano, Costello and Lansky all accompanied the Tammany Hall delegation to the Convention in Chicago, where Al Capone provided much of the (still illegal) alcohol and entertainment. Costello shared a hotel suite with Jimmy Hines, the Tammany Grand Sachem, who announced Tammany support for Roosevelt.[584] But another Tammany politician, Albert Marinelli, announced that he and a small block were defecting and would not support Roosevelt.

Marinelli was Tammany's leader in the Second Assembly District, its heartland below Manhattan's 14th Street. During Prohibition, he had owned a trucking company, run by Lucky Luciano.[585] Luciano had helped him to become the first Italian-American district leader in Tammany, and in 1931 forced the resignation of the city clerk, who was replaced by Marinelli, giving Luciano and Marinelli control over selection of grand jurors and the tabulation of votes during city elections.[586] Now, he was sharing Marinelli's Chicago hotel suite. The Mob and Tammany appear to have been playing both sides, looking either to hedge their bets or, more likely, to place themselves as brokers in the Democratic nomination process in order to extract maximum influence over the winner.[587]

Roosevelt needed his state delegation's full support – and thus Tammany's – if he was going to win the floor vote at the Convention. But he also needed to avoid being tainted by the whiff of scandal that hung stubbornly around Tammany. Roosevelt responded to the split in Tammany by issuing a statement denouncing civic corruption, while carefully noting that he had not seen adequate evidence to date to warrant prosecution of sitting Tammany leaders, despite an on-going

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[584] Fact Research Inc., 'Gambling in Perspective', in, *Gambling in America, op. cit.* p. 45; Raab, p. 50.
[585] Lacey, pp. 460-461.
[586] Powell, pp. 43-44, 79; Golway, pp. 292-293; Raab, pp. 50-51; Dickie, *Cosa Nostra*, p. 188.
[587] Compare Gosch and Hammer, p. 83.

investigation run by an independent-minded prosecutor, Sam Seabury. Marinelli, in turn, dropped his opposition, giving Roosevelt Tammany's full support and the momentum needed to claim the two-thirds majority required for nomination. Tammany's role was not determinative; Roosevelt's nomination had numerous fathers, not least John Garner, a rival candidate to whom Roosevelt offered the Vice-Presidency in return for the votes of the Texas and California delegations.[588] But it was a factor. If the Mob leaders were not quite kingmakers as they had hoped, they were certainly players. As Luciano reportedly put it, 'I don't say we elected Roosevelt, but we gave him a pretty good push.'[589]

Luciano was a newcomer to upperworld politics, however, and seems to have been quickly outsmarted by FDR. Having secured the Presidential nomination, FDR loosened the reins on Seabury's investigation of corruption in New York, making clear that if it developed *new* evidence, he might be prepared to back prosecutions after all. Seabury quickly exposed significant Tammany graft in the New York administration. The city Sheriff had amassed $400,000 in savings from a job that paid $12,000 a year. The Mayor had awarded a bus contract to a company that owned no buses but was happy to give him a personal line of credit. A judge with half a million dollars in savings had been granted a loan to support thirty-four 'relatives' found to be in his care. Against the backdrop of Depression New York, with a collapsing private sector, 25 per cent unemployment and imploding tax revenues, this was shocking profligacy and nepotism. By September 1932 the Mayor had resigned and fled to Paris with his showgirl girlfriend.[590]

In early 1933 FDR moved into the White House, and broke off the formal connection between Tammany Hall and the national Democratic Party for the first time in 105 years. He even tacitly supported the election of the reformist Republican LaGuardia as New York Mayor. Luciano was pragmatic:

> he done exactly what I would've done in the same position, and he was no different than me… we was both shitass doublecrossers, no matter how you look at it.[591]

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[588] Golway, pp. 277-278.
[589] Gosch and Hammer, p. 166.
[590] Golway, p. 279; Block, *East Side*, pp. 54-57; see also Seabury to Hofstadter, *op. cit.*; Davis, Pt I, p. 38.
[591] Gosch and Hammer, p. 166.

Mobbing up

Luciano's pragmatism suggests a failure to understand the danger that FDR's ascendancy posed to Tammany and thus to his own political protection. Luciano presumed that Tammany would still protect him in New York, whoever was in power in the White House. Luciano did not understand that the Mob's ability to penetrate Tammany in the early 1930s was a sign not only of his and the Mob's increasing power, but also Tammany's decline as a broker of governmental services for under-serviced populations in New York such the African-American and West Indian populations in Harlem, and women.[592] The arrival of the radio (and later television) presented a further problem for Tammany, as it allowed politicians to communicate directly with voters without the aid of an intermediary organization. And finally the movement of social welfare from the city and state level to the federal level under the New Deal would also corrode Tammany's brokering power.[593]

Tammany leaders recognized by the early 1930s that they were in deep trouble, and that they needed to find new income and sources of power. Jimmy Hines recognized that Al Marinelli's alliance with the Mob offered Marinelli new revenue sources and muscle, and thus posed a powerful threat to his own position within Tammany. Looking for a counter-weight, he set up a meeting with one of the few major gangsters that had remained independent of the Mob: Dutch Schultz.

Schultz was a Harlem-based gangster who had risen to power through a violent takeover of Irish beer distribution organizations during Prohibition.[594] By 1932 he had control of the city's restaurant rackets and was a major player in the city courts' 'bonding' racket, particularly around Harlem.[595] The bonding racket turned law enforcement into a money making exercise for both the cops and the robbers: police officers could be bribed to present evidence in a manner that would tilt towards or against warranting bail, and gangsters used their control over this

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[592] Joseph McGoldrick, 'The New Tammany', *The American Mercury*, vol. XV, no. 57, September 1928, pp. 8-9.
[593] Golway, pp. 290-292; McGoldrick, 'New Tammany', pp. 4-5.
[594] Maas, p. 123.
[595] See Valachi, p. 122; Raab, pp. 46-47; Powell, p. 25; Block, *East Side*, pp. 152-159

discretion to extract fees from those charged with crimes.[596] Schultz's outfit remained 'one of the last strong independent organizations to stand up against a consolidation of underworld power [in] a nationwide fabric of interlocking mobs', as his lawyer, Dixie Davis, later put it.[597] He was 'one of the last independent barons' as the Mob coalesced around Luciano.[598] And his strategic approach was quite different: Luciano was a coalition-builder; Schultz focused on coercion. He deliberately adopted a divide and conquer approach to internal discipline, telling Davis: 'That's the way Napoleon did, kept his generals fighting among themselves. Then none of 'em got too big.'[599] He had delusions of grandeur, telling his lawyer that the Bolshevik Revolutionaries in Russia were 'just like me… They're just a mob. If I'd been there with my mob, I could have taken over, just like they did.'[600] He was personally violent and deliberately unpredictable. Davis describes life with Schultz as 'palace politics around a dictator'.[601]

In 1932 Schultz was attempting to expand his power even further, through a violent takeover of the informal 'policy' lottery in Harlem – so named because of its similarity to the sale of penny insurance policies. For as low as a nickel or dime a consumer could place a bet on a three-digit number. If his number came up – as determined by some random event, such as the last three digits of the New York Stock Exchange at closing, for example – he was paid off at odds of around 600:1. With the odds of a win at 998:1, even with a 'fair' system the house almost always won. The Harlem policy market was the most lucrative in the city, taking in as much as $80,000 per week.[602] Schultz began a violent attempt to take it over. But his stand-over tactics made him vulnerable to law enforcement. He needed police protection. As Schultz's lawyer and counsellor, Dixie Davis, later put it, he realized that 'to run an organized mob you've got to have a politician'.[603]

Jimmy Hines, who needed campaign finance, had large influence over

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[596] See Davis, Part II, pp. 21, 37; Block, *East Side*, p. 36; Seabury to Hofstadter, *Final Report*, pp. 107, 112.
[597] Davis, Pt I, p. 41.
[598] Davis, Pt V, p. 36.
[599] Davis, Pt IV, p. 17.
[600] Davis, Pt II, p. 21.
[601] Davis, Pt IV, p. 17.
[602] Davis, Pt IV, V.
[603] Davis, Pt I, p. 41.

police appointments and assignments, and the District Attorney's office.[604] He, in turn, recognized that 'In politics, the thing to do is to build yourself an army'.[605] And he had already showed his willingness to amass an army through crooked deals and corrupt dealings.[606] An alliance between Hines and Schultz made sense to them both. They quickly reached agreement. Schultz would provide $500 (later raised to $1,000) per week, plus separate election campaign contributions in the tens of thousands of dollars, physical protection and support during elections. Hines would use Tammany connections to protect Schultz from law enforcement. Both sides made good on their promises, Hines ensuring that cases against Schultz were allocated to Tammany-linked magistrates who threw them out. In return, he received both finance and votes, using Schultz's gangsters as repeat voters.[607]

As time passed, Hines and Schultz appear to have become increasingly close, moving from a transactional relationship to something closer to a genuine partnership. Davis describes sitting with Hines and Schultz

> as we plotted ways by which, with the Dutchman's mob and money, Hines might extend his power over still other districts and seize … control of Tammany.[608]

They had become strategic allies in a conflict being fought in two different worlds: Schultz was using Tammany's protection to control the Harlem policy rackets and maintain his independence within the underworld from the Mob, while Hines was using Schultz's muscle and finance to enlarge his power within Tammany and upperworld politics.

The Boy Scout

For a year or so the scheme paid off. But then the strategic environment began to shift. In 1933, an ambitious young federal prosecutor, Thomas Dewey, had Schultz indicted on tax evasion charges. For the best part of two years, Schultz operated from hiding, relying on his 'minister of foreign affairs', Abraham 'Bo' Weinberg to

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[604] Davis, Pt I, p. 40.
[605] Davis, Pt I, p. 40.
[606] *People of the State of New York v. James J. Hines*, 248 N.Y. 93, N.Y. 1940, Indictment no. 213241, Court of General Sessions, County of New York, 26 May 1938, and Sentence, 23 March 1939, and Respondent's Brief, Court of Appeals, pp. 9-42; Block, *East Side*, pp. 154-155; Powell, p. 45; Richard Norton Smith, *Thomas E. Dewey and His Times* (New York: Simon and Schuster, 1982), pp. 255-259.
[607] *NY v. Hines*, op. cit.; Block, *East Side*, pp. 152-157; Davis, Pt III, p. 12.
[608] Davis, Pt II, p. 21.

represent him. Hines' reach did not extend into the federal office where Dewey worked, so the investigation could not be terminated. But once the case came to trial, Hines' influence told. A Tammany-linked judge agreed to move the case to the tiny town of Malone near the Canadian border. Schultz used some canny spending and strategic communications (including showering a local children's hospital with flowers and cards) to win local sympathy with the jury. He was quickly acquitted.[609] The acquittal went to his head. 'Any guy who can lick the government can lick anybody', he told Davis.[610] Emerging from hiding, he became concerned that Weinberg had been plotting with the Mob to double-cross him. In early September 1935 Weinberg's feet were set in concrete and he was dumped in the Hudson River.[611] Now, without consulting Luciano, the Commission or other Mob leaders, Schultz signalled his intent to assassinate Dewey.[612]

Luciano was alarmed by Schultz's recklessness. The Commission 'decided we wouldn't hit newspaper guys or cops and D.A.'s.', he reportedly said. 'We don't want the kind of trouble everybody'd get if we hit Dewey.'[613] He wanted to avoid direct confrontation with the state and was prepared to kill Schultz if that was necessary. Yet this was also an important strategic test for Luciano's organizational reforms: under the Commission's collective security system, it was not just his views that mattered. This was the first time the Commission had been asked to take a collective decision of such consequence – to kill someone not just outside the mafia, but clearly outside the broader Mob.[614] The Commission was being asked to take on a role governing the broader relationship between the underworld and the upperworld. As Luciano supposedly put it, the Commission 'was either gonna work or the whole thing could fall apart right then and there.'[615] The Commission agreed to have Murder, Inc. kill Schultz.[616] The hit took place at the Palace Chop House on 23 October 1935, killing five others in the process.[617]

With Schultz out of the way, the Mob's wealth and power seemed even less

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[609] Valachi p. 123; Raab, FF, p. 47; Gosch and Hammer, p. 181.
[610] Davis, Pt IV, p. 17.
[611] Davis, Pt IV, p. 17; Raab, p. 47
[612] Gosch and Hammer, p. 185.
[613] Gosch and Hammer, p. 200.
[614] Raab, p. 48.
[615] Gosch and Hammer, p. 186.
[616] Valachi, pp. 120-125; Raab, pp. 48-49; Gosch and Hammer, p. 186.
[617] Valachi, pp. 120-121.

vulnerable, and Luciano even more to have the air of a 'czar'. That was the term used for him when, within just a year, he was on trial, facing off directly with Tom Dewey.[618] Though only thirty-three Dewey had already made a mark through his earlier pursuit of Dutch Shultz (and Waxey Gordon). But Luciano and the Mob were not too concerned. 'What do they think of me?', Dewey asked a knowledgeable journalist. 'They regard you as a Boy Scout', came the reply, 'hopelessly mismatched against their terrorist tactics and political connections.'[619]

It was to prove a dangerous underestimation of this highly effective politician. When Schultz was killed, Dewey set his sights instead on Luciano after stumbling across evidence of Mob control of New York's prostitution industry.[620] The Mob had moved into the prostitution market during the autumn of 1933, filling the protect-and-tax role that Tammany had once occupied.[621] The Mob syndicated the industry, with the revenues from specific brothels providing dividends to different groups of Families and other Mob players.[622] This was good Mob politics. But it did not leave *everyone* a winner. The Mob had followed its playbook from its imposition of rackets on other industries, muscling in first on the madams who controlled the brothels, and then imposing taxes also on the male 'bookers' who operated like 'theatrical agents', booking sex-workers into brothels 'after the manner of vaudeville circuits, with a change of entertainers every week'.[623] Over time, the fees imposed by the Mobs were raised. The madams complained that the tax burden was too high and would make the brothels commercially unviable. The Mob did not seem particularly to care: a heavily indebted brothel was an easy target for Mob loan-sharks and, ultimately, hostile takeover.[624] Luciano's stated objective, as a witness during his trial would famously claim, was to turn the system into a modern business: 'We can take the joints away from madams, put them on salary or commission, and run them like a syndicate, like large A&P stores', he reportedly

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[618] Quoted in Powell, p. 241.
[619] Norton Smith, pp. 150-151.
[620] Davis, Pt VI, p. 18; Newark, *Lucky Luciano*, pp. 76-81.
[621] Powell, pp. 110-111, 212-214.
[622] See Powell, pp. 268-269.
[623] Powell, pp. 31-33, 41, 96, 133; *People of the State of NY v. Charles Luciano*, NYMA, New York County District Attorney closed case files, 1936 Luciano Collection, Box 13, File 3; and see FBI, *Mafia Monograph*, II, p. 74; Block, *East Side*, pp. 141-148; Newark, *Lucky Luciano*, pp. 97-100; Gosch and Hammer, pp. 201-202.
[624] Block, *East Side*, p. 146; Raab, FF, p. 56; Newark, *Lucky Luciano*, pp. 103-107; Powell, pp. 116-119, 135-137.

said, referring to a new Canadian supermarket chain.[625] But in this industry, the strategy generated 'widespread tax dodging' by madams and bookers.[626] The Mob's coercive response helped to create a pool of resentful underworld players, not used to Mob rule, not deeply socialized in mafia governmentality, and not governed by values of *omertà*. Luciano seemed oblivious to the danger: after all, in the highly violent, male-dominated underworld that he ruled over, what did he have to fear from a group of women?

When Dewey's investigation gathered steam, first madams, then female sex-workers, then male booking agents began to roll over, turning state's witness in return not just for immunity from state prosecution, but also protection from the Mob.[627] The testimonies of the sex industry labour-force – especially the women – ultimately proved crucial at Luciano's trial. None of the witnesses against him, notably, were Italian-American. Their prior silence was the result of fear, not a positive affinity with the Mob.[628] For them, the Mob was frightening, even terrifying; but not ultimately a source of binding governmentality. If the state could credibly promise protection, they would defect.

By mid-1936 Luciano had been tried and convicted, on a sentence of thirty to fifty years, after coming off second best in a courtroom face-off with Dewey. Dewey used the female sex-workers who testified against Luciano as props in stoking a moral panic: he portrayed them as powerless victims of a terrifying criminal organization, bent on corrupting them and threatening all New York's traditional family values. It was a story the middle class, and the jury, were happy to hear, notwithstanding New York's long traditions of vice and prostitution.

Luciano and his henchmen struggled to make sense of their adversary's approach. Unable to fathom that they had been rendered vulnerable by women they claimed that the conviction must have been stitched up. Luciano, they pointed out, had never been *directly* involved in the prostitution racket. But this was something Dewey conceded. That was not his case. His case was that Luciano governed the

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[625] Pre-trial testimony of Flo Brown, in *People of the State of NY v. Charles Luciano*, *supra*, Box 13, File 3. She recanted: see affidavit of Flo Brown, in trial appeal files, in *ibid.*, Box 16, File 9, New York Department of City Records. But this may have been under Mob pressure: Powell, pp. 268, 326-337; Gosch and Hammer, p. 207.
[626] Dickie, *Cosa Nostra*, p. 193.
[627] Powell, pp. 169, 201-205, 221-224.
[628] Newark, *Lucky Luciano*, pp. 117-118

prostitution industry, as his opening statement at trial made clear:

> Luciano will be proved not to have placed any women in any house, not to have directly taken any money from any women, but [rather] to have sat way up at the top in his apartment at the Waldorf as the Czar of organized crime in this city where his word, and his word alone, was sufficient to terminate all competitive enterprises of any kind.[629]

Once they realized the threat posed by the female witnesses, the mafia turned to their normal approach: threats of violence. Several witness recanted their testimony after the trial. But it was too late. Luciano's appeal was unsuccessful.[630] It seemed he would die in prison.

For Dewey, though, this was just the beginning. Over the next decade, he wrapped himself in the mantle of the community's chief protector against (immigrant-born) corruption and crime and the champion of civic virtue and traditional (i.e. white, Protestant) morality. He rocketed to fame. Newsreel coverage of the Luciano trial nationalized his image. After Luciano's conviction national polling showed Dewey, almost unknown outside New York a year earlier, with a huge lead over even FDR as preferred president.[631] In August 1937 he accepted the Republican nomination for Manhattan District Attorney, and cruised to victory after a radio campaign 'blasting away at Tammany Hall by telling true detective stories on the radio, hair-raisers about the power of the underworld', as Dixie Davis put it.[632] Dewey found a politically astute formula linking his anti-mafia efforts with Republican values of small government and protection of the family:

> There is today scarcely a business in New York which does not somehow pay its tribute to the underworld, a tribute levied by force and collected by fear. There is certainly not a family in the City of New York which does not pay its share of tribute to the underworld every day it lives, and with every meal it eats.[633]

It was a breath-taking piece of rhetorical jiu-jitsu. In Sicily, the mafia had presented itself as the protector of the community and its traditional values from an overbearing governmental force, the state. Here, Dewey, the state official, was using the same argument to claim the role of community protector, with the mafia

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[629] Quoted in Powell, p. 241.
[630] Raab, p. 55; Newark, *Lucky Luciano*, pp. 113-129; Hunt, 'Year-by-year', pp. 44-45; Norton Smith, pp. 152-153.
[631] Norton Smith, pp. 285-286.
[632] Davis, Pt VI, p. 18
[633] Quoted in Newark, *Lucky Luciano*, p. 80; see also Davis, Pt VI, p. 18.

itself treated as the overbearing governmental force.

Half a year after being elected Manhattan District Attorney Dewey secured the Republican nomination for Governor of New York. Though he narrowly lost the election, 8 months later he declared for the Presidency, riding a further wave of popularity resulting from his successful prosecution of Jimmy Hines.[634] By 1941, at 39, he was Governor of New York, and in 1944 and 1948 he was the Republican nominee for the Presidency. While he never quite made it to the White House, the springboard that his attacks on the Mob had provided, shooting an unknown prosecutor to national political prominence, did not go unnoticed by other politicians. Fighting organized crime, it was clear, was a great way to build a brand in the political marketplace.

Conclusion

The story of Luciano's rise and fall is, at its heart, a story about the development and management of governmental power, and the politics of protection. The Commission system instituted by Luciano in 1931 provided a platform for Mob collaboration that saw its governmental power rapidly spread across a range of rackets and industries. The system offered an underworld social contract, institutionalizing trust and releasing mobsters from their nasty, brutal and short Hobbesian existences during Prohibition. It released them from having always to rely on coercion as the way to resolve disputes. Absent that governmental system, it is entirely conceivable that competition for new revenue streams after Prohibition would have led to further underworld violence. Through the Commission the mafia became, as the Kefauver Committee would later put it, the 'cement' that increasingly bound a nationwide underworld together.[635] By creating a flexible and enduring system of pseudo-parliamentary governance for the mafia, the Commission reduced transaction and capital acquisition costs and provided Mob actors access to economies of scale. The Mob exploited these opportunities smartly through the development of shared strategic capabilities such as Murder, Inc. and the Buy-Money Bank, through joint investments and innovation, and through

[634] Davis, Pt VI, p. 38.
[635] Kefauver Committee, *Report*, p. 175.

collective external positioning, particularly in relation to upperworld political actors.

But the Commission system did not turn the American underworld into a unitary firm or single organization. The Commission itself was a purely Italian-American mafia structure, not formally encompassing Jewish gangs. Some orbited it in informal alliances, and the resulting coalition acted increasingly coherently as a collective Mob, through strategic coordination at the leadership level. But independent criminal organizations could and did continue to exist outside the Mob's orbit, as Dutch Schultz's operations made clear. And the Commission system always left individual criminal groups, even mafia Families, room to develop their own political connections and power networks in the upperworld. This was made clear by the Mangano Family's ties into Brooklyn Democratic Party and union politics, which did not run through Luciano's clique, nor Tammany. Upperworld and underworld power networks could, and did, connect through multiple nodes. The Mob was not an armada with a single commander-in-chief; it was a flotilla, with multiple *capi* sailing their own vessels, their moral compasses responding to a shared criminal governmentality.

Luciano proved at first highly effective at leading this network. What brought him down was not a mismanagement of coalitions amongst mafia *capi*, but rather an over-extension of the Mob's reach into groups not sufficiently disciplined by its governmentality. He failed to understand the political risks the Mob faced from an alliance between underworld (largely female) dissidents and a crusading prosecutor looking to portray himself as a community protector. The clash between Luciano and Dewey was a competition between two normative systems vying to impose their own governmentality over a community. It was a competition to govern. The political nature of this competition is, for obvious reasons, written out of most official analyses: the official 'big-man' or 'kingpin' theory of organized crime treats it all as a personal enterprise, downplaying the broader normative power of organized crime. Dewey spun political capital by peddling the narrative that his convictions of the kingpins Luciano and later Hines had 'smashed whole mobs'.[636]

It was this kind of approach that misled the FBI to conclude that American

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[636] Powell, p. xxiv.

mafia strategy was highly centralized and hierarchically directed, with a narrow group of leaders who 'define the criminal objectives, give the orders, and provide the means for reaching the objectives'.[637] The historical record shows a more complex, negotiated and collective decision-making process, the kind of mixture of directed and emergent strategy that often results from complex coalition arrangements. Luciano's gaoling did not lead to a sudden, violent battle for power in the underworld. As Raab has noted, a mafia Family 'did not disintegrate at the sudden absence of its head man'.[638] On the contrary, the Commission structure functioned effectively for sixty more years. Such nuances tend to spoil a good political narrative. More electoral credit can be reaped from portraying the fight against organized crime in Manichean and highly personalized terms, claiming the mantle of community protector.

The astonishing speed with which Dewey's political star rose points however to an important change in the market for government: the incredible amplifying power of film, radio and television. These media offered a way to bypass traditional intermediary and brokering political organizations such as Tammany and speak directly to electors. The 1951 television broadcasts of congressional hearings on organized crime led by Senator Kefauver had a similar effect, paving the way for his Vice-Presidential nomination.[639] This was one of the first modern major television 'events', drawing unprecedented audiences of 30 million viewers.[640] Attacks on corruption and organized crime have ever since remained an important route into American politics: Republican New York Mayor Rudy Giuliani and New Jersey Governor Chris Christie both started out as crusading prosecutors in the Dewey mould. Democrat Senator, later Secretary of State, John Kerry even wrote a book on the topic.[641]

Some Mob figures recognized upperworld actors' political interest in developing governmental power through occasional public attacks, notwithstanding hidden cooperation. In notes for a memoire, Meyer Lansky argued that Kefauver

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[637] FBI, *Mafia Monograph*, II, p. iv.
[638] Raab, p. 59.
[639] Lacey, pp. 201-202, 206.
[640] *Ibid*., pp. 194-195; Dickie, *Mafia Republic*, p. 60.
[641] John Kerry, *The New War: The Web of Crime that Threatens America's Security* (New York: Simon & Schuster, 1997).

and Dewey both used attacks on organized crime 'as a political hammer'.[642] But others were slower to this realization, to their detriment. Frank Costello, for example, chose to appear before the Kefauver Committee, on one condition: that his face remained hidden. Perhaps he felt this would somehow keep his power hidden, too. It did not. The cameras focused instead on his hands, which, with his gravelly disembodied voice, became 'the symbol of an otherwise unseen criminal empire'.[643] Costello spent fifteen months in prison for contempt of Congress for his evasive answers to the Kefauver Committee, and when he returned, he was forced out of power by the younger Vito Genovese. Lansky, who had avoided the glare of the TV spotlight, remained comparatively untroubled.

Luciano allegedly concluded near the end of his life that, 'It was my publicity that really cost me the best ten years of my life.'[644] 'You gotta stay out of the papers', he said. 'You gotta pay people good to stick their necks out while you stay in the background… all the smart ones stayed out of the papers.'[645] Once organized crime was in the public eye, its mere existence represented a disruption of the state's narrative of providing order and justice, its claim to a monopoly in the market for government. Confrontation became inevitable. Only by remaining in the shadows could the gangster expect to retain unmolested, and retain his hidden power over people's private behaviour.

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[642] Cohen, 'The Lost Journals of Meyer Lansky'.
[643] Raab, p. 98.
[644] Gosch and Hammer, p. 173.
[645] Quoted in Newark, *Lucky Luciano*, p. 30.

5. The Underworld Project, 1941-1942

'I'll talk to anybody, a priest, a bank manager, a gangster, the devil himself. This is a war.'
Lt Commander Charles Haffenden[646]

It was chilly by President Grant's Tomb in Riverside Park at midnight on 26 March 1942. Joe 'Socks' Lanza could probably recall that detail, twelve years later, because of what an unusual night it turned out to be. Lanza, 41, was the brother-in-law of a Tammany leader, elected head of United Seafood Workers Local 16975 and boss of the Fulton Fish Market – the primary seafood market for New York and the American north-east, and one of the largest in the world at the time. Lanza was also a former federal prisoner, a mafia *caporegime* and a close associate of Lucky Luciano. Frank Costello was best man at his wedding in 1941.

In March 1942 Lanza was under indictment by the Manhattan District Attorney's office – until a few months earlier still run by Tom Dewey – for racketeering. He had negotiated pay rises for his union members while taking payoffs from employers to keep those rises within secretly agreed limits. So why, at midnight on 26 March, could he be found sitting on a bench on Manhattan's Upper West Side – far from his usual stomping ground on the Lower East Side – with Murray Gurfein, the head of the Rackets Division of the Manhattan District Attorney's office?[647] What were Lanza, so close to Luciano, and Gurfein, a Dewey protégé, doing there together? The venue had been carefully chosen to shield them both from prying eyes and suspicions that they were collaborating. It was as well, because that was exactly what Gurfein was now proposing: collaboration. Not, however, to help the DA's office prosecute the Mob. No: a collaboration to 'assist the war effort'.[648]

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[646] Eisenberg et al., p. 181.
[647] Rodney Campbell, *The Luciano project* (New York: McGraw-Hill, 1977), pp. 47-49; Lacey, p. 115; *New York Daily News*, 9 January 1941; Gosch and Hammer, pp. 263-264.
[648] William B. Herlands, Commissioner of Investigation, to Hon. Thomas E. Dewey, Governor of the State of New York, 17 September 1954, URHIM, box 16, folder 2, ('Herlands Report') pp. 29-32. Henceforth URHIM box and folder numbers are listed as 'box:folder', i.e. 16:2. See also Testimony of Joseph Lanza, 30 April 1954, URHIM 13:3, ('Lanza testimony') pp. 4-5; Testimony of Joseph K. Guerin, 30 April 1954, URHIM 11:20, ('Guerin testimony') pp. 7-10; Affidavit of Murray L.

Thus began what would come to be known in the US Navy as the 'underworld project': secret wartime collaboration between the US Navy, the Manhattan District Attorney's office, and the Mob.[649] Today the US government may express concern about the convergence of foreign state and criminal actors threatening US interests; but during World War II, it actively engineered such a convergence. Over several years, the Mob helped the US government police the New York waterfront and defend America's littoral approaches from U-boat attacks. Mob help allowed US authorities to quickly track down four Nazi saboteurs that landed by U-boat in The Hamptons at the eastern end of Long Island. And the collaboration also drew the Mob into a range of domestic security roles of highly questionable legality: attacking union activists, infiltrating alleged Falangist organizations in Harlem, and breaking into foreign consulates. In 1942 and 1943, the collaboration took a new turn, with mafia Families providing detailed operational intelligence that helped the Allies plan and execute the amphibious invasion of Sicily. As a reward for facilitating all of this collaboration in 1946 Lucky Luciano was released from gaol and deported to Italy.

Luciano's release caused great controversy and criticism for the Governor who ordered it: Thomas E. Dewey. Why would the very same man who had sent him to prison in the first place, ten years before, now order his release? With the US military unwilling to reveal the Underworld Project to the public, speculation filled the void. The entire Underworld Project had been, by agreement between the Navy and the Mob, 'off the record'. At the end of the war, the records that did exist were destroyed.[650] In 1953, Governor Dewey – by then a national figure, having picked up the Republican Presidential nomination in 1944 and again in 1948 – was forced to counter rumours that he had been bribed by the Mob to release Luciano. He tasked the New York State Commissioner of Investigation, the unimpeachable William B. Herlands, to conduct a secret judicial inquiry. He hoped that the resulting analysis, once published, would put the controversy to bed.

Herlands' investigation obtained sworn testimony from 57 witnesses – mobsters such as Joe Lanza and Meyer Lansky, Navy and other intelligence

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Gurfein, 8 September 1954, URHIM 11:21, ('Gurfein 1954 affidavit') p. 5; Roswell B. Perkins to Mr. Moser, Memorandum, 6 July 1951, URHIM 11:21, p. 3.

[649] On the name, see Herlands Report, p. 91.

[650] Herlands Report, pp. 92-94; Campbell, pp. 213-232.

officials, and law officers – stretching to 2,883 pages. The resulting 101-page report, sent to Dewey in 1954, was never published. Though its findings did indeed clear Dewey entirely, the underlying facts were too potentially damaging to the Navy for it to be released. The Navy convinced Dewey to put the Report in a drawer and leave it there.

At the end of his life, the contents of Dewey's files – including the Herlands investigation materials – were archived in the Library of the University of Rochester in upstate New York. Only two prior publications, Rodney Campbell's 1977 *The Luciano Project*, and Tim Newark's *Mafia Allies* have previously drawn on these materials. Campbell's 1977 book does not place the episode in the broader context of the Mob's development – our understanding of which has developed significantly in the intervening four decades. Newark's volume is much more successful in this regard, but his coverage of the Herlands investigation materials is far from comprehensive.

This chapter pieces together the story of the Underworld Project from the original Herlands investigation materials, other original FBI records, and relevant secondary sources. The Mob's war-time alliance with the US government helps to explain how the Mob's strategic horizons enlarged from the national to the international level, and lays the groundwork for the events in occupied Italy explored in the next chapter. The first section of this chapter explores how and why the US government enlisted the Mob in its war effort, and the evolution of the Mob's role from an intelligence focus to a domestic auxiliary enforcement role. The second section considers the Mob's provision of local knowledge and access to its Sicilian mafia cousins during the Allied invasion of Italy, and explains how this led to Luciano's release. The chapter concludes with some reflections on what this episode tells us about the evolution of the Mob's power and strategy, and the dangers of seeing the crime-politics 'convergence' as an entirely novel phenomenon.

'This is a war.'

Enlisting the underworld

Lanza and Gurfein's cloak-and-dagger meeting in March 1942 was the result of a

significant but shocking realization by US authorities: the Mob might offer strategic capabilities that the US government lacked and was now desperate to acquire, specifically governmental reach into New York's docks and the fishing-fleet that operated in the Atlantic approaches to the eastern seaboard.

The US was reeling from several strategic setbacks. On 7 December 1941, Japanese forces attacked Pearl Harbor, killing over 2,000 US personnel and gravely damaging its Pacific fleet. Germany and Italy declared war on the US a few days later. The Combined Chiefs of Staff of the Allied nations agreed that the basic war strategy would be 'Victory First in Europe'. But in March 1942 that was looking like an increasingly tall order, as control of the North Atlantic also seemed to be slipping away, and with it, Britain's prospects of holding out against the Nazis. Britain needed more than 1 million tonnes of supplies per week. Between December 1941 and March 1942 German U-boats wreaked havoc on Allied shipping in the North Atlantic, with 71 vessels lost.[651] In January, a Norwegian oil tanker was sunk just 60 miles off Montauk (Long Island, NY), and Latvian and US vessels were sunk off North Carolina.[652] The outcome of the war seemed, as Commissioner Herlands would recall, to 'hang in the balance… extremely grave'.[653]

How could the German submarines be operating so far from home? After survivors of U-boat attacks who had been taken aboard those U-boats reported observing American supplies on board, commercial fishing fleets came under suspicion as a possible source of refuelling and re-supply.[654] Suspicion fell on the Italian-American and German-American communities, both deeply involved in commercial fishing – in particular 'criminal elements' within those communities. By early February 1942, US Naval Intelligence was hypothesizing that

> (a) information as to convoy movements and (b) assistance in refuelling of submarines might be traced to criminal elements of Italian or German origin on the waterfront in the metropolitan area. The theory was that such persons might sell information, or give information to the enemy out of alien sympathies; or even that some among them who had been rum-runners during the days of Prohibition might be finding a new source of

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[651] Campbell, p. 25.
[652] Newark, *Mafia Allies*, p. 99.
[653] Herlands Report, pp. 4, 14.
[654] Testimony of Maurice P. Kelly, 6 July 1954, URHIM 12:12, ('Kelly testimony') p. 10.

revenue from running oil supplies to enemy submarine fleet.[655]

The true source of logistical support was quite different: the Germans were running new, long-range U-boats, supported by *Milchkühe* ('milk-cow') refuelling U-boats. If this was known from decoded German signals intelligence, it was not knowledge that had reached the operational level of the Third Naval District, charged with controlling New York Harbour and its approaches.[656] There, U-boat refuelling was not the only concern. Sabotage was also feared. In late 1941, New York had witnessed a high-profile trial and conviction of thirty-three German sympathisers, twenty-five of them American citizens, on espionage and sabotage charges. Now, concerns about a potential 'fifth column' amongst the German and Italian-American communities began to reach fever pitch.[657]

On 9 January 1942 fire destroyed a pier and several buildings on the west side of Manhattan. A month later, the largest and one of the fastest luxury liners in the world, the SS *Normandie*, burned and capsized as she sat at Pier 88 at 48th Street on Manhattan's west side, wounding 128 servicemen and killing one. The largest vessel destroyed in the war to that date, she had been seized by the US Government after France fell to German forces, and was being retrofitted as a troop carrier, the *Lafayette*. Worth $56 million, she was to be the US Navy's largest troop transport, expected to carry 10,000 personnel. She was due to set sail to Europe three weeks later.[658] Had she been sabotaged?

History suggests not. Mob sources would later try to claim responsibility for the fire, suggesting they had set it in order to push the Navy into their waiting arms.[659] But there are no corroborating sources. The fire appears to have been caused by sparks from welding and poor safety controls caused by a rush to get her finished.[660] At the time, however, the sinking of the *Normandie* fanned concerns

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[655] Affidavit of James O'Malley, Jr., 7 April 1954, URHIM 13:17, ('O'Malley affidavit') p. 3. See also Affidavit of Frank Hogan, 9 September 1954, URHIM 16:3A, Appendix IV ('Hogan affidavit'); Affidavit of Roscoe C. MacFall, 9 March 1954, URHIM 16:1 ('MacFall affidavit'); Affidavit of Murray L. Gurfein, 12 June 1945, URHIM 11:21 ('Gurfein 1945 affidavit'); and Herlands Report, pp. 4, 14, 16-19.
[656] Campbell, p. 28.
[657] Herlands Report, pp. 4, 17-19; Newark, *Mafia Allies*, pp. 78-80.
[658] Newark, *Mafia Allies*, pp. 83-87; Newark, *Lucky Luciano*, p. 145.
[659] See Gosch and Hammer, p. 260; Campbell, p. 29; Newark, *Mafia Allies*, pp. 83-98; Newark, *Lucky Luciano*, pp. 149-153; Eisenberg et al., pp. 189-190; Salvatore Lupo, 'The Allies and the mafia', *J. Mod. Italian Stud.*, vol. 2, no. 1 (1997), p. 23.
[660] Harvey Ardman, *Normandie: Her Life and Times* (New York: Franklin Watts, 1985), p. 349.

that enemy agents might be operating in and around New York Harbour. US Office of Naval Intelligence (ONI) personnel swarmed the docks, looking for spies and saboteurs. They were quickly rebuffed by the Mob-controlled labour-force, resistant to all government penetration and control. No-one was talking.[661]

The head of ONI in the Third Naval District was Lieutenant Commander Charles Haffenden, a World War I veteran, former private investigator, and hotel association executive. His previous work appears to have brought him into contact with the Mob, and he now

> conceived and sponsored a plan to use, among others, persons with underworld associations, their underworld associates and their contacts as instrumentalities of Naval Intelligence.[662]

'I'll talk to anybody, a priest, a bank manager, a gangster, the devil himself', Haffenden would later recall himself thinking. As he saw it,

> This is a war. American lives are at stake. It's not a college game where we have to look up the rule book every minute, and we're not running a headquarters office where regulations must be followed to the letter. I have a job to do.[663]

'He did not care from what source we got information as long as it was for the war effort', explained one of his underlings later.[664] Haffenden told his team that they had 'several sore spots that we could not get to unless [with] the assistance of the underworld'.[665] He concluded that effective counter-intelligence might require 'enlisting the "underworld"'.[666] He decided to 'set up a flow of information from the underworld to combat the possibility' of enemy operations.[667] His plan was known at the highest level of Naval intelligence in Washington D.C., with no

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[661] Lanza testimony, p. 22.
[662] Herlands Report, p. 4. See also Kelly testimony, p. 16.
[663] Eisenberg et al., p. 181.
[664] Testimony of Felix Saco, 16 June 1954, URHIM 14:13, ('Felix Saco testimony') p. 23; Herlands Report, p. 91.
[665] Felix Saco testimony, p. 22.
[666] Testimony of Anthony J. Marsloe, 3 June 1954, URHIM 13:11, ('Marsloe testimony') pp. 8-9; Testimony of Paul Alfieri, 8 June 1954, URHIM 11:2, ('Alfieri testimony') p. 11.
[667] Charles R. Haffenden, 'Subject: Charles Luciano', Memorandum, 25 July 1945, URHIM 12:1. See also Testimony of Dominick Saco, 2 June 1954, URHIM 14:2, pp. 5-6 ('Dominick Saco testimony'); MacFall affidavit; Gurfein 1945 affidavit; 'Salvatore Lucania', 13 March 1946, FBI, 39-2141-10; 'Charles Lucky Luciano, Miscellaneous Information Concerning Parole and Deportation', 9 May 1946, FBI, 39-2141-33; A. Rosen to E. Tamm, 'Charles "Lucky" Luciano, Parole, Miscellaneous; Information Concerning', 17 May 1946, FBI, 39-2141-39; Campbell, pp. 83-110.

opposition being voiced.[668]

Mob cooperation was now deemed crucial to securing effective US surveillance of its own waterfront in its richest port. But Haffenden also saw the effort as a necessary defensive manoeuvre in a balancing game. If the US government did not form a tactical alliance with the Mob, he told his team, there was a danger that the Fascist powers would – and use it to attack New York directly. By working with the Mob, ONI would both augment its own human intelligence capabilities, and 'neutralize the possible use of the underworld by the enemy'.[669] It was a clear recognition of the strategic significance the Mob now possessed – not just in the underworld, but in broader geostrategic terms.

Regular guys

On 7 March 1942 ONI approached the District Attorney, Frank Hogan, who had been the main interrogator of sex industry workers during Dewey's prosecution of Lucky Luciano, and who was also deeply involved in the prosecution of Jimmy Hines. Hogan threw his weight behind the plan for intelligence cooperation with the Mob, telling his office to open their files to the Navy and help them identify waterfront informants.[670]

Why? Why would the newly-elected Manhattan District Attorney, who had made his name battling organized crime, put his reputation, political future (and livelihood) at risk by working directly with these same adversaries? Why would he increase the Mob's leverage over current and future prosecutions? To date, this has been put down to simple patriotism or expediency. Another possible explanation presents itself: politics. Though Dewey had become a major Republican figure, Hogan, his aide, was elected to succeed him with *Tammany* (i.e. Democratic) support.[671] Hogan's willingness and ability to connect ONI to the Mob may have had something to do with his electoral debt to Tammany, which by this point was

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[668] Rear Admiral Carl F. Espe to Herlands, 26 July 1954, URHIM 13:11; Affidavit of Wallace S. Wharton, 23 June 23 1954, URHIM 14:10, ('Wharton affidavit') p. 5; MacFall affidavit; Herlands Report, p. 80.
[669] Marsloe testimony, p. 29.
[670] Herlands Report, pp. 24-26; MacFall affidavit; Hogan affidavit; Gurfein 1945 affidavit; Gurfein 1954 affidavit, p. 3; Marsloe testimony, p. 10; alley affidavit, p. 3; R.C. MacFall, 'Haffenden, Charles R., Alleged Irregularity Conduct of:', 9 August 1945, URHIM 12:1; Powell, p. 166.
[671] Warren Moscow, 'Tammany Picks Dewey Aide; Action Blow to La Guardia', *N.Y. Times*, 2 August 1941, pp. 1, 16.

firmly under Costello's Mob influence.

Whatever the motivation, ONI and Hogan's office realized that if intelligence was to flow from the docks and fishing fleets, they would first need the Mob leadership's cooperation. Hogan suggested working through Lanza, the head of the United Seafood Workers' Union that controlled the Fulton Fish Market – whose brother was the local district leader for Tammany. Lanza's indictment, they argued, would give the District Attorney leverage.[672] With Hogan's approval, Gurfein and Lanza met on 26 March near Grant's Tomb.

A week later, Lanza met again with Gurfein, Haffenden and Dominick Saco – a former private investigator, now working as an undercover naval intelligence agent. The venue this time was Haffenden's inconspicuous civilian office in the Executive Members' Association suite on the mezzanine floor of the Astor Hotel, in New York's Times Square. Lanza agreed to cooperate 'one hundred percent', and Saco was appointed as a go-between. Within days, Lanza was helping ONI to place naval intelligence agents in the fishing industry along the whole length of the eastern seaboard. Lanza agreed to 'get union books and put them in as regular guys', and did so, inserting naval agents into the union books of the Building Service Employees' International Union (Local 32B), and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers (Local 202).[673]

Liaising frequently with Haffenden, over the following weeks Lanza and Ben Espy – a former rum-runner – worked their contacts on the docks. They encouraged suppliers to inform them if there were unexpectedly large purchases of fuel or other supplies by fishing smacks heading out to sea. Crews were instructed to report anything suspicious they saw on the docks or at sea. Lanza and Espy checked up on specific boats and personnel who had attracted ONI's suspicion, such as Edward Fiedler, a fishing captain of German descent who operated out of Easthampton, and Lanza's associates began passing on names of possible 'fifth

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[672] Herlands Report, pp. 36-38; Hogan affidavit, p. 3; Lanza testimony, pp. 5-6; Guerin testimony, pp. 4-5; Gurfein 1954 affidavit, p. 4; and see Testimony of Joseph Lanza in *Public hearings (no. 4) conducted by the New York State Crime Commission pursuant to the Governor's executive order of March 29, 1951* (New York County Court House, New York, NY, 13-19 November 1952), NYPL.
[673] Herlands Report, pp. 32-34; Lanza testimony, pp. 6-11, 23; Guerin testimony, pp. 11-13; Gurfein 1954 affidavit, p. 5; Dominick Saco testimony, pp. 8-9, 26-27.

columnists' to ONI.[674]

Naval intelligence agents were soon installed in the ports of Long Island, in fishing industry trucks, and on fishing boats operating out of ports up and down the coast, from Maine down to North Carolina.[675] ONI also installed short-wave radio communications equipment on Mob-controlled fishing boats to create an offshore submarine lookout network. This reported relevant sightings, such as wreckage, aeroplane parts, and even human remains.[676] Soon, the major oil and gasoline suppliers to the fishing fleet were brought in on the project. This not only allowed monitoring of gasoline purchases but also, since most gasoline was sold on spec, close monitoring of the financial situation of much of the fleet – which could facilitate detection of a sudden improvement of operators' position, perhaps due to sales to enemy boats.[677]

The stream of intelligence opened to the US government flowed from both Lanza's union authority and his Mob ties. When an attempt to get the naval agent Dominick Saco a job on one of the local trucks 'created a little bit of controversy', it was Lanza's union contacts who produced a union card for Saco that smoothed things over.[678] Lanza also drew on his Mob connections, introducing some agents into Mob networks as 'our friend', a mafia code word that allowed them to 'conduct their operations or surveillance' without interference.[679]

Lucky's break

What was in this collaboration for Lanza? The DA's office repeatedly insisted that his cooperation would have no bearing on his prosecution, that it would not buy him any immunity or reduction of sentence. But since he was already under indictment, what did Lanza have to lose? Potentially quite a lot: if he were seen by his Mob superiors to have committed *infamità*, breaking *omertà*, his life would be in

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[674] Lanza testimony, pp. 6, 24, 33-36, 38-39; Dominick Saco testimony, pp. 6-7, 11-14, 43; Kelly testimony, p. 12; Testimony of Hiram Chester Swezey, 29 May 1954, URHIM 14:6, ('Swezey testimony') pp. 10-11; Campbell, pp. 49-51.
[675] Lanza testimony, pp. 24-32; Swezey testimony, pp. 6-9; Dominick Saco testimony, pp. 12-13; Herlands Report, pp. 34-36.
[676] Herlands Report, p. 35; Lanza testimony, pp. 34-35; MacFall affidavit; Kelly testimony, p. 11.
[677] Dominick Saco testimony, pp. 44-45.
[678] Swezey testimony, p. 9; Dominick Saco testimony, pp. 29-31.
[679] Lanza testimony, p. 23. See also pp. 17, 22; and see Swezey testimony, pp. 6-7.

danger.[680] Lanza's enthusiastic and rather unhesitating cooperation with ONI and the DA's office thus leads to the strong suspicion that he must have sought and won approval from Mob superiors from the outset.

That meant getting Lucky Luciano involved. Despite having been in prison for 5 years, Luciano remained an active and highly influential Mob leader, operating remotely through Frank Costello and Meyer Lansky. For Lanza to have cooperated with Frank Hogan, who helped to put Luciano away, without Luciano's approval would have been highly risky, to say the least. The US government's approach offered Luciano a huge break. But if Luciano knew about Lanza's cooperation from the outset – as seems highly likely – he was careful not to rush. Had the Mob immediately pushed the DA's office and ONI to get Luciano involved, they might have balked. At the outset, Luciano's power was best kept hidden.

Within six weeks, however, ONI was discovering the limits of Lanza's underworld authority. Though he could get naval agents on boats in North Carolina and Maine he professed impotence in securing access to the West Side or Brooklyn waterfronts, controlled by different mafia groups. And his influence seemed 'largely confined to the fishing industry'.[681] Meanwhile, the strategic situation in the North Atlantic continued to deteriorate. Between March and May, 47 Allied ships were sunk by U-boats. This made 272 since the start of the war – the most serious threat to US naval strength in the Atlantic since the War of 1812.[682]

In late April 1942 Lanza told Haffenden that in order to be of further assistance he 'needed contacts that he could not make himself and for which he required the "O.K." of Charles "Lucky" Luciano'. Other witnesses recalled that Luciano had to give 'clearance' as he had 'overall control', and his 'illegal operations along the waterfront had as much influence with conditions on the docks as the shipping people themselves, and in many cases, more'. A 'higher echelon of the underworld' needed to be engaged, ONI concluded, if the 'field for possible

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[680] Lanza discusses the suspicions he faced within his own ranks in Lanza testimony, pp. 45-46; see also Kelly testimony, p. 12; Dominick Saco testimony, pp. 15-16; and 'Re: Conference with Dominick Saco and Felix Saco', Memorandum, 9 April 1954, URHIM 14:2, p. 2.
[681] Herlands Report, p. 5.
[682] Herlands Report, Appendix II, War Chronology Pertinent to this Report, URHIM 16:3A; Campbell, pp. 32, 67; Lacey, pp. 115-116.

help [was to] be greatly enlarged'.[683] Luciano's involvement was, they quickly concluded, unavoidable. He was the one player who 'could snap the whip in the underworld in the entire USA'.[684] He was the ally they needed to exert true power within that underworld.

With the DA office's support, ONI approached one of Luciano's defence lawyers, Moses Polakoff. He had previously been head of the Criminal Division of the District Attorney's office and oversaw the administration of elections in New York – before becoming Luciano's attorney.[685] Polakoff recommended working through another of his clients: Meyer Lansky. He was 'the man who could serve most effectively as the chief intermediary between Luciano in prison and his outside contacts and associates'. As Polakoff explained, 'if Lansky said he was acting for Luciano, that statement would not be questioned'.[686]

The bargaining began. Haffenden and Gurfein met with Lansky to sound out the prospects of approaching Luciano, making clear that nothing was being offered in return.[687] Wary that Luciano, who had never been naturalized, might end up helping the Italians, Gurfein asked Lansky if Luciano could be trusted. Lansky's reply was affirmative: 'His whole family was here, his mother and father and two brothers and sister with children.' But it was not clear whether, in Lansky's mind, this was a sign of where Luciano's allegiance lay – or whether he was simply pointing out that the US government had leverage over Luciano.[688] Lansky asked for a sign of the government's good faith to help convince Luciano of the seriousness of the approach. ONI and the DA's office leaned on the State Commissioner of Corrections, John A. Lyons, and convinced him to move Luciano on 12 May 1942 from a prison near the Canadian border to Great Meadow Prison

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[683] Herlands Report, pp. 4, 36-40; Lanza testimony, pp. 45-49; Guerin testimony, p. 20; Kelly testimony, pp. 19-20; Marsloe testimony, p. 14; Testimony of Meyer Lansky, 13 April 1954, URHIM 13:2, ('Lansky testimony') pp. 17-18; Testimony of Moses Polakoff, 21 June 1954, URHIM 13:19, ('Polakoff testimony) pp. 11, 46; Hogan affidavit, p. 4; Gurfein 1954 affidavit, p. 6; Perkins to Moser, 6 July 1951, URHIM 11:21, p. 3.
[684] Dominick Saco testimony, p. 15.
[685] Polakoff testimony, p. 2; Gurfein's 1945 affidavit; Gurfein 1954 affidavit, p. 7.
[686] Polakoff testimony, pp. 8-9, 15; Herlands Report, pp. 5, 41-46
[687] Lansky testimony; Gurfein's 1954 affidavit, pp. 7-8; Newark, *Lucky Luciano*, pp. 154; Costanzo, p. 52.
[688] Lansky testimony, p. 8; Herlands Report, p. 47.

just north of Albany.[689]

The first of almost two years of secret, government-sponsored meetings between Luciano and his Mob associates occurred in early June 1942. Lanza, Lansky and Polakoff travelled upstate to visit Luciano in prison and he approved the collaboration subject to it remaining secret from the broader public. Ostensibly, he was concerned that if he fell into the hands of Fascist powers – either because they won the war, or because he was released but deported to Italy (as in fact later occurred) – 'he might get lynched' for supporting the Allied war effort. But he recognized that if his name was behind the project, 'everything will go smoother'.[690] Haffenden agreed. It was not in his interest, either, for the Underworld Project to become public. Henceforth all the top mobsters involved were referred to in government intelligence documents by codename. The whole project was to be kept hidden.[691]

Soon, all the leading Mob figures were involved. Lansky was the main go-between, ferrying instructions to and from Luciano. Costello and Adonis supported. Other Mobsters from outside Luciano's Family who were known enforcers on the docks, including Johnny Dunn and the Camarda brothers, were roped in. Bugsy Siegel and Willie Moretti went to visit Luciano in prison to obtain 'instructions with respect to the use of his name in certain quarters and reporting back to him'. More than 20 visits took place, sometimes with seven or eight Mobsters together at once.[692] Alive to the possibility that these meetings – most of which lasted several hours – might provide cover for Luciano to reinsert himself into Mob life, Hogan ordered wiretaps on Joe Lanza's phone. These failed however to reveal anything which would require termination of the project.[693] And the authorities

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[689] Herlands Report, pp. 6-7, 49-55; Gurfein 1945 affidavit, p. 2; Gurfein 1954 affidavit, pp. 8-9; Hogan affidavit, p. 4; Espe to Herlands, 26 July 1954, URHIM 13:11; Statement of Vernon Morhous, URHIM 13:13, p. 2.

[690] Herlands Report, pp. 61-62, 68; Lansky testimony, p. 13; Polakoff testimony, pp. 13-14; Newark, *Lucky Luciano*, p. 156; Newark, *Mafia Allies,* pp. 99-111; Raab, p. 78.

[691] Herlands Report, p. 79; MacFall affidavit; Lansky testimony, pp. 35-36; Lanza testimony, p. 37; Marsloe testimony, p. 21; Polakoff testimony, pp. 27, 62.

[692] Charles R. Haffenden, 'Subject: Charles Luciano', Memorandum, 25 July 1945, URHIM 12:1; Vernon A. Morhous, Warden, Great Meadow Prison to Frederick A. Moran, Chairman, Board of Parole, 10 September 1945, URHIM 17:no number; Polakoff testimony, pp. 44-46, 56, 60; Herlands Report, pp. 7, 59-60; Kefauver Hearings, Hearing Pertaining to New York-New Jersey, New York City, February 13-15, 1951 – Executive Session, Part VII, pp. 606-607; Newark, *Lucky Luciano*, pp. 154-157.

[693] Transcripts and summaries of the wiretaps are in URHIM 12:7.

conspicuously refrained from bugging the meetings themselves, held in a room next to the prison warden's office.

With Luciano's name now being openly invoked on the docks and throughout Mob networks, the collaboration took off. As Lansky put it, the visits to Luciano allowed him 'to instruct' Mobsters that Luciano 'was personally interested', that 'it was also their duty and to stress to go allout [*sic*] to give this assistance'. Instead of the Mob brokering access, but then largely standing passively by as US agents operated on their territory, Mob members now went out of their way to support the achievement of US government strategic objectives. Lt Commander Kelly – one of the ONI team, with twenty-five years of experience as a police investigator in civilian life – summed up the change: prior to getting Luciano involved, ONI 'ran into great difficulty in obtaining reliable informants along the waterfront … they just refused to talk to anybody, war effort or no war effort.' Once Luciano was brought in, there was no longer any 'hedging', but rather 'full and whole-hearted cooperation', 'a decided and definite cooperative approach'. Investigations proceeded far faster, and the information gathered was more reliable. The Mob became an active source of operational advice to the Navy, suggesting ways that ships could be packed and unpacked more safely and quickly, speeding the sending of wartime aid to Europe and the Soviet Union. And interventions by Lansky, Costello, Adonis, Mangano and Willie McCabe soon extended the collaboration to the West Side, Brooklyn, Harlem, Jersey and beyond – even other eastern seaboard cities. McCabe, a Mob leader in Harlem, stated simply 'Anything the boss wants; we'll do anything for him.'[694] In these places it was Luciano, not the US, whose edicts governed. The US was piggybacking on Mob authority, 'starting with Lanza and Luciano', as Commissioner Herlands put it, and 'fanning out through known intermediaries and informants' into the Mob's trust network.[695]

From watchdog to attack dog

That network quickly generated spectacular results: the spotting and capture of four Nazi saboteurs. On 13 June 1942 four Germans familiar with the US came ashore

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[694] Lansky testimony, p. 23; Kelly testimony, pp. 21-22, 27-28; Lanza testimony, pp. 53-56, 82-84, 97; Dominick Saco testimony, p. 41; Polakoff testimony, p. 54; Herlands Report, pp. 68-70, 79, 87-89; Newark, *Mafia Allies*, pp. 105-107. The extension of the scheme to other cities is indicated by Murray Gurfein, in 'New Version of Aid in War', *N.Y. Times*, 23 February 1947.
[695] Herlands Report, p. 80.

under cover of darkness at Amagansett Beach on Long Island, carrying four trunks of explosive equipment and $80,000 cash. They had been trained in Nazi Germany as saboteurs and were under instructions from the German High Command to target military and industrial sites. The operation was named 'Pastorius', after the leader of the first group of German colonists to move to America in 1683. It was a spectacular failure. Coming ashore, the saboteurs encountered a US Coast Guard patrolman. They were able to talk their way past him, but not before his suspicions had been raised and the alarm raised. Rattled, the novices' operational discipline quickly evaporated. They were all captured within two weeks, tried by a military commission, and most were executed.[696]

The process by which the saboteurs were spotted and captured has long been opaque, with the FBI publicly taking the credit. But overlooked testimony before the Herlands investigation by ONI agents who worked closely with the Mob – one of whom was awarded an official commendation for helping to catch the saboteurs – strongly suggests that the Mob was integral to the counter-intelligence efforts. It appears to have been a boat in the Mob-backed coastal surveillance network that spotted the saboteurs landing, and reported it to the US Coast Guard, who then investigated. Once the saboteurs had been spotted, Haffenden's agents appear to have worked directly with Lanza's Mob contacts on Long Island to track down the first saboteurs, who then led authorities to the others.[697] The role of the Mob was rapidly airbrushed out of the official story.

With this demonstration of their strategic utility, Mob figures appear to have begun ratcheting up the scope of their collaboration in ways that reinforced their own power. Past accounts have characterized the Underworld Project in terms of the intelligence role played by the Mob for the government. But a close reading of overlooked material in the original Herlands investigation file reveals the Mob

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[696] See Gary Cohen, 'The Keystone Kommandos', *The Atlantic*, February 2002, pp. 46-59; Joel Samaha, Sam Root and Paul Sexton, eds., *Transcript of Proceedings before the Military Commission to Try Persons Charged with Offenses against the Law of War and the Articles of War, Washington D.C., July 8 to July 31, 1942* (Minneapolis: University of Minnesota, 2004), USMC, at http://www.soc.umn.edu/~samaha/nazi_saboteurs/nazi01.htm, accessed 14 March 2015. See also *Ex parte Quirin* (317 U.S. 1 (1942)).

[697] 'Re: Conference with Dominick Saco and Felix Saco', 9 April 1954, URHIM 14:2, ('Sacos conference') p. 5; Testimony of Joachim Titolo, 8 June 1954, URHIM 14:7, ('Titolo testimony') p. 28; Dominick Saco testimony, pp. 30-32, 46-47; Felix Saco testimony, pp. 13-20, 28-29; Swezey testimony, pp. 11-15; Marsloe's testimony, p. 11. Compare Campbell, pp. 111-113; Newark, *Lucky Luciano*, p. 146.

playing a larger role from mid-1942, working as an auxiliary coercive asset for Haffenden – not just a watchdog, but a domestic attack dog. Much of this activity seems to have been illegal. As we saw earlier, Haffenden did not feel constrained to follow regulations 'to the letter', nor did his superiors complain.[698]

The first area of enlarged collaboration related to controlling union activity. Lanza specifically assured Haffenden that there would 'not be any trouble on the waterfront during the crucial time' and that the unions would not be allowed to jeopardize the war effort through strikes or wage demands. The Mob worked actively to ensure that incipient workplace disruptions were 'rectified' in order 'that there be a free and uninterrupted flow of supplies out of this Port of New York to the war theatre – and to England'. After ONI raised concerns about the impending visit to New York by an Australian-born labour activist, Harry Bridges, Lanza himself beat up Bridges to prevent him headlining a rally at Webster Hall.[699] Mob lawyer Moses Polakoff reported Haffenden to be very appreciative.[700]

The site of collaboration was moving away from the waterfront to other targets around the city. Using his power as a union official, Lanza organized for undercover government agents to be installed in buildings and business of particular strategic concern, including factories supplying the Navy, and hotels, bars, restaurants and nightclubs on Manhattan. One even appears to have been installed in a Mob operation overseeing the 'Italian lottery'.[701] Soon ONI agents and Mob figures were collaborating on some 50 'surreptitious entries' into buildings for broader espionage purposes, including inside (notionally immune) foreign consulates. The Mob surveilled the buildings, helped ONI agents gain access through placement in Mob-controlled unionized janitorial and cleaning crews – and even trained ONI agents in specialized burglary skills such as lock-picking.[702] Some of these agents later used these skills for the Office of Strategic Services, the

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[698] Eisenberg et al., p. 181.
[699] Lanza testimony, pp. 64-66, 83; Kelly testimony, pp. 25-26; see also Newark, Lucky Luciano, p. 157; Newark, *Mafia Allies*, pp. 108-109; Campbell, pp. 111-127; and Raab, p. 77. Compare the underlying testimony with the Herlands Report, pp. 73-74, which notably fails to mention the physical assault.
[700] Polakoff testimony, pp. 26-27.
[701] Herlands Report pp. 19, 63-64; Lanza testimony, pp. 19-20; Lansky testimony, pp. 16-19; Wharton affidavit, p. 3; Sacos conference, pp. 3-4.
[702] Lanza testimony, p. 19; Saco testimony, pp. 26-27; Alfieri testimony, p. 7; Dreiband to Hogan, 25 February 1943, URHIM 12:7; Campbell, pp. 56-58.

precursor to the Central Intelligence Agency that was established in June 1942 to unite the intelligence arms of the different military services.[703] One ONI agent told Herlands that this 'surreptitious entry' operation provided 'conclusive evidence of a German espionage ring using a dozen agents in six large American cities', which was consequently broken up within a month.[704]

Nor was it only foreign states that were targeted. The ONI-Mob collaboration also led to actions to disrupt local political and press activity that were arguably protected by the US Constitution. First, the Mob helped ONI to infiltrate and disrupt foreign subversive organizations in Harlem. Willie McCabe, who had taken over the Harlem policy racket after Dutch Schultz's death, used his lottery 'runners' – who couriered instructions and revenues between the retail outlets and headquarters – as surveillance assets. At the Mob's suggestion, the same role was extended to the Mob's installers and servicemen handling 'vending machines' (i.e. slot machines) in Harlem.[705] This collaboration led to the identification of alleged Spanish falangist and Japanese propagandist groups operating in Harlem and Greenwich Village, which were soon broken up.[706] Next, when a US Senator and former Governor of Massachusetts, David I. Walsh, was caught in a homosexual brothel in Brooklyn with ties to both the Navy Yard and alleged Nazi sympathizers, ONI turned to the Mob to help suppress the story, 'encouraging' the press to accept that it was a case of mistaken identity.[707]

It was a short step to Mob personnel taking orders directly from ONI. Meyer Lansky organized 'contracts' under which waterfront enforcers, such as cross-eyed Johnny 'Cockeye' Dunn (executed in 1949 for first degree murder), worked directly under the 'specific instructions' of Haffenden. [708] Dunn was, at the time, on bail on racketeering and extortion charges.[709] His job, as Lansky later explained, was not

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[703] Felix Saco testimony, pp. 4-5, 13-14, 27-28.
[704] Testimony of Willis George, URHIM 11:17.
[705] Dominick Saco testimony, pp. 37-41.
[706] Dominick Saco testimony, pp. 37-39; Lanza testimony, pp. 57-61; Continuing testimony of Joseph Lanza, 16 June 1954, URHIM 13:3, pp. 2-6; Sacos conference, p. 3; Dreiband to Hogan, 25 February 1943, URHIM 12:7; Herlands Report, p. 72
[707] The incident is obliquely alluded to in Herlands Report, p. 78. See also Dreiband to Hogan, URHIM 12:7. And see Dorothy G. Wayman, *David I. Walsh: Citizen-Patriot* (Milwaukee: Bruce Publishing Company, 1952), pp. 312 et seq.
[708] 'John Dunn', N.Y. Police Department Prisoner's Criminal Record, 7 July 1954, URHIM 11:13; Lansky testimony, pp. 19-22; Herlands Report, p. 65.
[709] 'Memorandum', 15 July 1954, URHIM 11:13.

just to be a Navy 'watchdog', but to instil 'discipline' on the waterfront.[710] Dunn seems to have taken his new duties seriously – perhaps too seriously. After two characters ONI suspected of being German agents disappeared, ONI asked the Mob in future to clear any such hits with them.[711] It became routine for ONI to directly task Mob enforcers with jobs. 'Usually', Meyer Lansky later testified, 'I would introduce them and then they would follow up in their own way.'[712]

Invading Italy

Local knowledge

In early 1943, President Franklin D. Roosevelt and Prime Minister Churchill agreed to create a second front in Europe by invading Sicily. But the Americans soon discovered a problem. As Rear Admiral W.S. Pye, the head of the Naval War College would put it just a year later, US naval intelligence had been 'sadly neglected' before the war, because there had been a failure to recognize 'the importance of the intelligence function in the conduct of war'. The problem was acute, 'especially… in Italy' where the Navy 'found that we lacked much information required for effective planning'.[713] The US Navy's attention had long been focused on the Pacific and Atlantic. Planning for war in the Mediterranean had not been a priority. They needed all the help they could get, particularly regarding the maritime approaches to Sicily and potential landing spots.

Once again, evolutions at the strategic level in the Second World War gifted the Mob a source of strategic advantage, which they exploited adroitly. ONI tried approaching Sicilian, Neapolitan and Calabrian Americans directly for information about geography, highways, water supplies, and power structures, trying to collect old photographs, illustrated postcards, school textbooks and private diaries. But they met resistance and hostility, just as they had when they tried to gather

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[710] Lansky testimony, p. 21.
[711] Newark, *Lucky Luciano*, p. 157; Newark, *Mafia Allies*, p. 106.
[712] Lansky testimony, p. 22.
[713] Address of Rear Admiral W.S. Pye, U.S.N., President, Naval War College and Commandant, Naval Operating Base, Newport, R.I., at Graduation Exercises of the Naval Training School, New York, NY, 16 March 1944, in Herlands Report, Appendix E.

intelligence in New York's docks.[714] Once again, the Mob seemed to hold the key to access.

Haffenden's Underworld Project team was now charged by Navy superiors with gathering intelligence for the Allies' amphibious assault on Sicily. At his request, Lanza assembled the 'bosses of the gangs' and Haffenden asked them for help in gathering intelligence from the Italian-American community.[715] Haffenden later testified that 'the greater part of the intelligence developed in the Sicilian campaign was directly responsible to the number of Sicilians that emanated from the Charles "Lucky" contact'.[716] Shepherded by Adonis and other mafia leaders, Sicilian and Mezzogiorno immigrants began showing up in large numbers at Haffenden's Manhattan office, providing detailed descriptions of their hometowns and villages.[717] Some Mob leaders, such as Vincent Mangano, who was heavily involved in smuggling from Sicily, proved reluctant, and had to be leaned on heavily by Adonis before they would cooperate.[718] The information thus solicited

> gave detailed knowledge of beach conditions… details of mountain trails, good roads, short cuts and locations of fresh water springs… Photographs, snapshots, picture post cards and similar objects dealing with the countryside of Sicily and Italy were shown to the informants and when a specific area was recognized, a native of that particular place was found and sent in to report to the Naval Authorities.[719]

All this information was synthesized through a large purpose-built map on Commander Haffenden's wall. It had a cellophane overlay on which intelligence information was marked up, summarized and cross-referenced to specific coded human sources.[720] Luciano and the Mob leadership also passed on the names of

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[714] Costanzo, pp. 6, 58-60.
[715] Lanza testimony, p. 95; Kelly testimony, pp. 31-33; Wharton affidavit, p. 3; Jeffrey J. Robertson, Parole District Supervisor to Hon. Frederick Moran, Chairman, Board of Parole, 5 June 1945, URHIM 17:no number; FBI, 'Charles "Lucky" Luciano, Parole', 22 March 1946, FBI, 39-2141-45.
[716] Haffenden to Breitel, 17 May 1945, URHIM 12:1. See also Commutation of Sentence Report, Charles Luciano, C-3632, 5 July 1945, URHIM 17:no number.
[717] Lansky testimony, pp. 24-27; Kelly testimony, pp. 31-33; Dominick Saco testimony, p. 21; Memorandum of Conference with Kathleen Mitchell Cowen, 7 July 1954, URHIM 17:9; Robertson to Moran, 5 June 1945, URHIM 17:no number; Macfall, 'Haffenden, Charles R., Alleged Irregularity Conduct of:', 9 August 1945, URHIM 12:1; Herlands Report, pp. 65-67, 78-79. See also Earl Brennan to H. Gregory Thomas, 'Statement Relative to Recruiting of Sicilians in New York Area', 1 October 1942, NARA, Records of the Office of Strategic Services, RG 226, Entry 142, Box 2, Folder 14.
[718] Lanza testimony, pp. 77-78, 92.
[719] Commutation of sentence report.
[720] Herlands Report, p. 93; Kelly testimony, p. 33; Marsloe testimony, p. 20; Alfieri testimony, p. 16; Wharton affidavit, p. 4.

'trustworthy' contacts in Sicily, which the Navy later found to be '40% correct'.[721] A 1945 inquiry initiated by Governor Dewey before he agreed to release Luciano found that through these contacts, 'much valuable information was obtained relative to the position of mine fields, enemy forces and strong points.'[722]

Creating a fifth column

Emboldened, Luciano began to offer operational advice. Was it a sense of historical irony, or perhaps revenge, that led Luciano to recommend an amphibious landing supported by aerial bombardment in the small Golfo di Castellammare to the west of Palermo, whence hailed the Castellammarese?[723] He even suggested that he himself be 'dropped in by parachute' and use his personal clout 'to win these natives over to support the United States' War Effort' – leading a fifth column against Mussolini from within Italy. Haffenden, remarkably, supported the suggestion, and presented the proposal in Washington, where it was refused.[724]

Yet the idea of Italian criminal groups serving as a fifth column began to find some traction. The British Secret Intelligence Service's 1943 *Handbook on Politics and Intelligence Services* for Sicily had already identified a figure, Vito La Mantia, as a mafia boss and a possible source of 'valuable information: uneducated but influential'.[725] But the Americans went further. The *Special Military Plan for Psychological Warfare in Sicily*, issued by the Joint Chiefs of Staff in April 1943, suggested using Sicilian-American mafiosi to establish 'contact and communications with the leaders of separatist nuclei, disaffected workers, and clandestine radical groups, e.g. the Mafia, and giving them every possible aid'. Allied forces would supply weapons and explosives for use against strategic targets including bridges and railroads.[726] This plan, though not executed, was approved in principle by the operational theatre commander – Dwight D. Eisenhower.[727] As we shall see in Chapter 8, two decades later, as President, Eisenhower authorized a remarkably similar collaboration between the CIA and the Mob to remove Fidel

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[721] Herlands Report, p. 8; Wharton Affidavit, p. 2.
[722] Commutation of sentence report.
[723] Wharton affidavit, p. 6.
[724] Wharton affidavit, p. 5; Commutation of Sentence Report; Newark, *Lucky Luciano*, pp. 163-164.
[725] BNA, WO 220/403.
[726] Joint Staff Planners, *Special Military Plan for Psychological Warfare in Sicily*, 9 April 1943, WO 204/3701.
[727] Newark, *Mafia Allies*, p. 134.

Castro from power in Cuba.

Members of Haffenden's intelligence team who had worked closely with Mob contacts in New York, including during the search for Nazi saboteurs on Long Island, went ashore with the first wave of the Allied invasion of Sicily, Operation Husky, on 9-10 July 1943.[728] One of the agents, Anthony J. Marsloe, later secretly testified that the intelligence gathered via Mob connections in New York helped those landing understand the role of the mafia in Sicily: Sicilian 'customs and mores… the political ideology and its mechanics on lower echelons, … the chains of command'. All of this 'enabled us to carry out the findings and purpose of our mission'.[729]

A story has long circulated suggesting that a golden handkerchief with the letter 'L' (for Luciano) was dropped from a plane to signal to the Sicilian mafia that they should cooperate with the Allies. This, it was said, explained the rapid advance of the Allies through Western Sicily.[730] Tim Newark has conclusively shown the story to be apocryphal.[731] But overlooked material in the Herlands file shows that the concept underlying the story – that Allied cooperation with the mafia provided specific military advantages facilitating the advance – is in fact true. Once ashore, operating to a specific plan, Haffenden's agents actively sought out and contacted Mobsters who had been deported from the US, using them as both literal and figurative translators, brokering access to local Sicilian mafia *capos*.[732]

Unpublished Herlands investigation testimony and an unpublished manuscript by one of the agents, Anthony J. Marsloe explain just how useful this access proved. Lt Paul A. Alfieri, who went ashore at Licata, in Sicily's south-east, made contact with a mafioso 'cousin' of Luciano, whom Luciano had earlier helped to flee the electric chair in New York after he had killed a policeman on the Lower East Side. Gunmen from his *cosca* led Alfieri to the local naval headquarters, which they attacked. Alfieri then used lock-picking skills learned from the Mob during the 'surreptitious entry' operations in New York to open a safe, where he discovered

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[728] Marsloe testimony, pp. 30-35; Report, 10 December 1943, File No. A8-2, Serial: 0860, URHIM 13:11.
[729] Marsloe testimony, pp. 25-26.
[730] Pantaleone, *The Mafia and Politics*, pp. 54-59.
[731] Newark, *Lucky Luciano*, pp. 169-172; Newark, *Mafia Allies*, pp. 158-160, 177-182.
[732] Alfieri testimony, pp. 19-20; Titolo testimony, p. 15; Herlands Report, p. 86.

priceless operational intelligence: the order of battle and location of Italian and German naval forces for the Mediterranean; a radio codebook; and minefield maps. These were used both to aid the American advance in Western Sicily and 'to accelerate the Italian surrender'.[733] Alfieri, then a mere Lieutenant, Junior Grade, was awarded the Legion of Merit.[734] Joe Titolo, another member of this team, explained how he repeated this approach as he was deployed steadily north in Italy. He repeatedly 'sought out members of the criminal element' to provide intelligence and other forms of cooperation.[735] And in Sardinia, Titolo used underworld contacts to capture nineteen escaping high-ranking Italian officers, and prevent three different sabotage operations.[736]

Release and exile

By 1942 Luciano had been in prison for six years, and would not be eligible for parole for another twenty-four. If he did not press his advantage now, it might evaporate. While the District Attorney's office had made clear to Lanza that any Mob cooperation with ONI was not going to lead to any deals, it had also told Luciano's lawyer that 'if Luciano made an honest effort to be of service in the future, they would bear that in mind.'[737] Luciano's lawyers moved for a reduction of sentence. The motion was considered by the same judge, Supreme Court Justice Philip J. McCook, who had sentenced him. He privately interviewed both Commander Haffenden and Murray Gurfein, and while denying the motion for release indicated opaquely that '[i]f the defendant is assisting the authorities and he continues to do so, and remains a model prisoner, executive clemency may become appropriate at some future time'.[738] By mid-1944 the maritime threat to the eastern seaboard had largely been seen off, and Italy was under Allied control. The Mob's utility to the US government's war effort was waning. Haffenden was reassigned to active service in the Pacific (where he was badly injured on Iwo Jima), and the

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[733] Alfieri testimony, p. 7; 'Exploitation of technological intelligence', Manuscript by Anthony J. Marsloe, URHIM 11:no number, p. 2. See also Eisenberg et al., pp. 211-213.
[734] The citation is at the *Military Times Hall of Valor*: http://projects.militarytimes.com/citations-medals-awards/recipient.php?recipientid=304944, accessed 14 March 2015.
[735] Titolo testimony, pp. 17, 24; Herlands Report, p. 87.
[736] Titolo testimony, p. 19.
[737] Polakoff testimony, pp. 8, 74.
[738] The formal application and other materials are in URHIM 14:12. See also Testimony of George Wolf, Esq., 30 July 1954, URHIM 14:12; Hogan affidavit, pp. 4-5; Polakoff testimony, pp. 15-16; Herlands report, pp. 95-98; Newark, *Lucky Luciano*, p. 159; Campbell, pp. 152-160.

Underworld Project came to an end.[739] It seemed like Luciano's chance at release had slipped through his fingers.

On the day the war ended in Europe, 8 May 1945, Lucky tried his luck once more. His lawyers wrote to Governor Dewey, seeking clemency. This posed a political conundrum for Dewey. If he denied Luciano clemency, he risked the Mob and its Tammany allies leaking the fact of the government's cooperation with the Mob during the war, causing him serious political headaches. The government seemed unlikely to agree to the release of details of the cooperation. But if he released Luciano without explanation, that could also cause public consternation. So Dewey kicked the question to the Parole Board, who mounted a limited investigation of Luciano's claim to have assisted the war effort. On 3 December 1945 the Parole Board recommended that while Luciano's sentence should be commuted, since Luciano had never been formally naturalized, he should be deported. It was a neat compromise. The Governor granted the commutation on 3 January 1946.[740] His public statement explained straightforwardly that

> Upon the entry of the United States into the war, Luciano's aid was sought by the armed services in inducing others to provide information concerning possible enemy attack. It appears that he cooperated in such effort…

Dewey further specified that if Luciano ever re-entered the US, he should be treated as an escaped convict.[741] After a final round of visits with Costello, Lansky and other Mob associates, Luciano was released – and deported to Italy on 10 February 1946.

Conclusion

In 2011 the White House released a *Strategy to Combat Transnational Organized Crime* that warned that criminal networks

> threaten U.S. interests by forging alliances with corrupt elements of national governments and using the power and influence of those elements

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[739] Polakoff testimony, p. 32.
[740] Materials from the Parole Board's inquiry and the deportation decision are in URHIM 16:1 and 17:no number. See also Polakoff testimony, pp. 56-59; Herlands Report, pp. 9-10, 99-100; and Campbell, pp. 192-256.
[741] Herlands Report; and see 'Dewey Commutes Luciano Sentence', *N.Y. Times*, 4 January 1946.

to further their criminal activities… to the detriment of the United States.[742]

Yet seventy years earlier, it was the US Government that was forging alliances with criminal networks, in an effort to thwart the perceived designs of its own adversaries. The Second World War proved to be a strategic gift for the Mob, transforming its positioning options and its field of vision. Before the Second World War, the Mob understood its relationship with the US government in domestic, binary terms: they competed and collaborated largely within the confines of the American political economy. The War transformed the field from a domestic to a transatlantic one, bringing in new players: the US' enemies. This transformed the Mob's positioning options, opening up the possibility of balance-of-power alliance strategies. The Mob could exploit the old logic of 'My enemy's enemy is my friend' to ally itself with the US government, buying strategic space at home and piggybacking on the war effort to extend its reach overseas.

Both sides explicitly recognized the defensive logic underpinning the alliance within the Underworld Project. Meyer Lansky described the state's participation as a 'great precaution' against the creation of a fifth column.[743] Lt Marsloe, a central figure in Haffenden's team, similarly describe the project as intended to provide a 'system… which will prevent the enemy from securing aid and comfort from others… [including] the so-called underworld.'[744] The US Navy's defensive logic for allying with the Mob against the Fascist powers was similar to the logic that Jimmy Hines had in allying with Dutch Schultz against political rivals such as Al Marinelli (in turn backed by the Mob). Both episodes involved strategic alliance between upperworld and underworld actors in a larger competition for power. The only structural difference was the strategic setting: one played out within the confines of New York politics, while the other played out in the transatlantic theatre of World War Two.

The prospect of the Mob *actually* allying itself with Hitler and Mussolini was probably never very high. Meyer Lansky, for example, had been active in forcibly breaking up rallies of the German American Bund (a Nazi-aligned organization) in New York in the 1930s, so he was probably an unlikely candidate

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[742] Obama, *Strategy to Combat Transnational Organized Crime*.
[743] Lansky testimony, p. 29.
[744] Marsloe testimony, p. 30; see also pp. 10-11, 18.

to become a fascist agent.[745] But the prospects of some American mafiosi collaborating with the fascists was also not zero. Vito Genovese, one of Luciano's main lieutenants who had fled New York to escape a murder charge in 1937 spent the Italian war cooperating closely with senior Fascists in Naples. Some suspect him of organizing the assassination of an anti-fascist labour activist in New York, Carlo Tresca, for Mussolini. During the war Genovese was, indeed, presented Italy's highest civilian award by the Fascist government.[746]

Even if the probability of Mob elements developing into a fifth column was low, the *fear* that it might was very real in intelligence circles in 1941. Commissioner Herlands, in his report, argued that the authorities had been forced by their sense of 'grave emergency and national crisis' to adopt an 'essentially pragmatic' approach, moving to a form of 'total mobilization' that induced them to use 'the entire community and every useful element in it'.[747] The state of war, in other words, represented a normative rupture: pure strategic considerations forced the state to ignore the very norms that, during peacetime, would prevent it cooperating with organized crime. The sense of crisis altered the strategic landscape, creating fears that the Mob exploited cannily, ratcheting up its role from one of waterfront intelligence cooperation, to waterfront enforcement, to broader intelligence and enforcement cooperation – and ultimately assisting the US in the intercontinental projection of force. It gave the Navy real results: improved access to maritime intelligence, assistance tracking down Nazi saboteurs and suspected Falangist agitators, access to auxiliary enforcement capabilities including specialized break-and-enter skills, and valuable operational intelligence and contacts in Italy. Commissioner Herlands concluded that there could 'be no question about the usefulness of the project'.[748]

The problem with such collaboration, whether the Mob took the role of watchdog or attack dog, was summed up by one of Haffenden's agents, Lt Harold MacDowell: 'When you go to sleep with dogs, you get up with fleas.'[749] The US

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[745] Newark, *Lucky Luciano*, p. 142; Newark, *Mafia Allies*, pp. 70-76.
[746] Valachi pp. 129, 132-133; McClellan Hearings, Part 1, p, 249, 313; Raab, p. 81; Newark, *Mafia Allies*, p. 116-119.
[747] Herlands Report, p. 21.
[748] Herlands Report, pp. 12, 94.
[749] Testimony of Harold W. MacDowell, n.d., URHIM 13:8.

government may have gained much from the Mob, but the Mob received at least as much in return. The integration of the Mob and ONI's coercive apparatus – with naval agents working in Mob-controlled workplaces, and Mob enforcers taking direct orders from naval officers – amplified both parties' power. It extended the Navy's power in the underworld and zones it could not reach, such as the unionized waterfront, fishing fleet and hotels. But it also amplified the Mob's power by making the state complicit in some of its activities. The Mob's collaboration with ONI not only protected it from other state actors, but also sent a signal to potential rivals of the Mob – whether underworld rivals or legitimate rivals for its political mediation role, such as communist-leaning union factions – that it had enlarged room to manoeuvre, possibly even impunity.

Mob leaders were fully aware what a 'break' they had caught from the Underworld Project.[750] If nothing else, Luciano, sentenced to thirty to fifty years in prison, was now out – in less than ten. Four outstanding indictments against him had been quietly dropped.[751] Yet Lucky had also been exiled to Italy – a poor, ruined, post-conflict state. That was a grim prospect. Had their strategic decision to cooperate with the Navy backfired?

If the Mob's ambitions were limited to the US, then indeed, perhaps the permanent exile of their uncontested leader was a steep price to pay. But this exile also seems to have encouraged Luciano and the Mob leadership to conceive the Mob's potential in larger geographic terms. The Mob had helped the US government project power across the Atlantic, and in the process acquired new, transnational strategic options. The first of these lay exactly where Luciano was now headed: occupied Italy.

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[750] Polakoff testimony, p. 42.
[751] See untitled note for file, 'J.I.', 30 April 1954, URHIM 12:7.

6. Governing Sicily, 1942-1968

'The "roaring twenties" in America were nothing compared with Sicily of today.'
Brigadier-General George S. Smith, 1945[752]

'Politicians, governments and men in power change, while the Mafia stays the same.'
Don Calògero Vizzini[753]

At 5 p.m. one day in early January 1944, the British Minister Resident in the Mediterranean and future Prime Minister, Harold Macmillan, called at an office in the centre of Palermo. Macmillan was serving as Churchill's liaison in the Mediterranean theatre. The office in question belonged to the most senior American in the Allied Military Government for Occupied Territories (AMG or AMGOT), which governed Sicily and southern Italy. This was Colonel Charles Poletti, the first Italian-American to become a state governor in the US (of New York), and as Macmillan later put it, 'Tammany personified'. Poletti, Macmillan reported back to London, had 'clearly run Sicily with enthusiasm and gusto'. But he seemed to consider himself the '"boss" of Sicily'. '[T]he shadow of … Tammany Hall', Macmillan concluded, had 'been thrown … across the Island.'[754]

Macmillan's analysis was trenchant. For much of his time in Italy, Poletti employed an 'interpreter': Vito Genovese, the Luciano Family lieutenant, collaborator with the Italian Fascists, and later top New York Mob boss. Genovese's job, it appears, was to 'interpret' between the upperworld and the underworld, organizing and governing the booming, volatile black market that seemed to pose a major threat to Allied control. With AMG's connivance, the governmental power of organized crime in southern Italy was being revived. Even prior to the invasion, Allied planners recognized that 'there were two enemies to be faced in Sicily' – the openly hostile Fascist forces, and the hidden power of

[752] Brigadier-General George S. Smith to Supreme Allied Commander, 'Report on Conditions in Sicily', 23 November 1945, BNA, WO 204/2449.
[753] Costanzo, p. 39.
[754] Macmillan to Foreign Office, Algiers, 15 January 1944, BNA, FO 371/43918; Harold Macmillan, *War Diaries: Politics and War in The Mediterranean, January 1943 – May 1945* (London: Macmillan, 1984), p. 352.

organized crime.[755] The Allied invasion and occupation of Sicily defeated the Fascists, but arguably left organized crime welded into Italy's post-war system of government.

Drawing extensively on unpublished British and American wartime correspondence, intelligence analyses and published secondary sources, this chapter explores the underappreciated strategic impact of organized crime during the Allied Military Government of Occupied Territories (AMGOT or simply AMG), the Sicilian separatist movement of 1943-1945, and Sicily's post-War transition. The interactions between the AMG, Italian political organizations, and the American and Sicilian mafia hold numerous insights for contemporary military interventions, peace operations and post-conflict transition processes, touched on here and further explored in Chapter 10.

The first section explores the hidden history of AMG officials' handling of the mafia during the initial occupation. The second section explores the role of the Sicilian mafia in the emergence of a Sicilian separatist movement in the immediate post-occupation transition, and the Italian government's efforts to avoid a separatist insurgency through secret accommodation and negotiation efforts. The third section explores different approaches to criminal strategy during Sicily's post-War transition, focusing briefly on the unsuccessful efforts of Salvatore Giuliano, the notorious 'Prince of Bandits', which contrast with the much more successful efforts of Salvatore Lima, the mayor of Palermo. The final section briefly reflects on lessons from these episodes, particularly for contemporary post-conflict transitions.

'A bargain has been struck'

Black market rents

Churchill and Roosevelt had agreed that it would serve their strategic interests to give the AMG a largely American face, because of the ties between Sicily and America built up by immigration over the previous decades. Despite America's

[755] D.S. Duff, 'Narrative for Official History of Civil Affairs in Italy (the Sicily campaign)', undated, BNA, CAB 44/171, Chapter 2, Part I, p. 13. See also Grey, 'Sicily under Italian Rule', 1 December 1942, FO 371/33251; and Foreign Research & Press Service, Balliol College, Oxford, 'Notes on Sicily (19.11.42)', 12 December 1942, FO 371/33251.

supposed familiarity with Sicily, Allied occupation planning failed to appreciate how local criminal actors would exploit the vacuum of political authority and absence of effective law enforcement capabilities during the occupation. The US War Department's directive for Allied administration of Sicily proposed a dismantling of the Fascist party, removal of all Fascist personnel from authority, and the insertion of the Allies' own nominees. As Tim Newark has pointed out, this approach created 'a rush to fill the political vacuum left behind by the Fascists – a process that would attract the Mafia'. [756] In this, the British and American occupation of Sicily uncannily foreshadows the course of events in Afghanistan, Iraq and Libya six decades later.

When the occupation forces arrived, southern Italy was a failing state. In Sicily, a month after the occupation all railways remained cut, most large towns had no bread and less than 24 hours' food on hand at any time, and large numbers of dead were still being buried.[757] By late October AMG officials were reporting that mafia groups were hoarding wheat, stealing it in attacks on AMG-controlled reserves, and selling it at up to four times its true market value.[758] By December, food shortages were critical and posed '[t]he main threat to security... This lack of food leads to general unrest and is exploited by criminal and political factions'.[759] By early 1944, food prices were higher even than during the last year of Fascist wartime rule.[760]

The war reduced the costs of organizing crime. Some gangs looted weapons from battlefields and poorly defended state arsenals.[761] Others used the proceeds of the black market to purchase leftover materiel – machine guns, trench mortars, land mines, field radios, even light field artillery – and hid it away in caves and secret stores.[762] In Naples – which, like Sicily, was under AMG control – Norman Lewis, a British intelligence officer and later a celebrated travel writer described seeing

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[756] Newark, *Mafia Allies*, pp. 142-143.
[757] Lord Rennell, 'Confidential Notes in Reply to Points Made in House of Commons Debate', 3 August 1943, BNA, FO 371/37327, pp. 2-3.
[758] Capt. W.E. Scotten, 'The Problem of Mafia in Sicily', 29 October 1943, BNA, FO 371/37327, pp. 4-5.
[759] Notes on meeting held in HQ Island Base Section, 3 December 1943, BNA, WO 204/827.
[760] Monte S. Finkelstein, *Separatism, the Allies, and the Mafia: The Struggle for Sicilian Independence, 1943-1948* (Bethlehem, PA/London: LeHigh University Press/Associated University Press, 1998), pp. 30-31.
[761] Pantaleone, pp. 65-70.
[762] Scotten, 'The Problem', pp. 4-5.

'[e]very single item of Allied equipment' on open sale.[763] By the spring of 1944, the US Psychological Warfare Bureau was estimating that one third of Allied supplies were disappearing into the black market – which was the source of almost two-thirds of Neapolitan households' income.[764] Mass prison break-outs as the fascist powers fled ahead of advancing Allied forces, abandoning their guard posts, sent hardened criminals and desperate men into a labour-market with no jobs.[765] Armed gangs of bandits and hardened war veterans began to roam the countryside of Sicily and parts of southern Italy, pillaging and looting.[766]

War and deprivation broke down normative barriers to participation in criminal activity, making people increasingly 'illegality-minded'. 'An entire generation of young people addicted to legal abuses and criminal violence began to grow up', argued Michele Pantaleone, a leftist politician who lived through the period.[767] The post-conflict black market was playing a similar role to Prohibition in New York: breaking down mental barriers to participation in organized crime, and stoking a Darwinian competition between criminal groups for control of resources that weeded out the weak and consolidated the strong. The US War Department directive had promised to manage such problems through price controls and direct assault on racketeers. But there were only limited law enforcement assets available to undertake that assault. Just 65 British policemen were deployed to AMG operations.[768] In early September, a joint British-American operation planned by Scotland Yard and the New York Police Department arrested two mafia leaders and seventeen of their associates. But the operation was apparently based on tips from other mafiosi, pointing dangerously towards manipulation of the Allies by mafia factions.[769] And this operation seemed to be the exception, not the rule.

AMG officers at the tactical level were forced to innovate. In Corleone, the British administrator attempted – with apparently limited success – to simply cut

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[763] Norman Lewis, *Naples '44. A World War II Diary of Occupied Italy* (New York: Carroll & Graf, 1978/2005), p. 109.
[764] Lewis, pp. 109, 122-123.
[765] Finkelstein, p. 29.
[766] Finkelstein, pp. 31-32; Lewis, pp. 116-117.
[767] Pantaleone, p. 70.
[768] 'AMGOT Facing Its Task', *The Times* (London), 21 September 1943, cutting in FO 371/37326; Newark, *Mafia Allies*, pp. 199-201.
[769] Newark, *Mafia Allies*, p. 198; 'Mafia Chiefs caught by Allies in Sicily', *N.Y. Times*, 10 September 1943, p.4; 'Allies Smash Mafia Society, Bane of Sicily', *N.Y. Times*, 11 September 1943.

black market racketeers out of the picture, buying the harvest straight from producers. No doubt due to mafia pressure, he found the sellers reluctant, and the *caribinieri* uncooperative.[770] Other AMG officers took the opposite course, turning to local 'persons of influence' to 'act as mediators with the local communities.'[771] AMG officials discovered how helpful the mafia could be. Haffenden's ONI team, now inserted into the civilian administration in Sicily, worked to identify local criminal leaders, whom they found to be 'extremely cooperative'.[772] One former Underworld Project operator, Lt Paul Alfieri, worked with local mafiosi to use the Sicilian fishing fleet as an intelligence apparatus, specifically 'patterned after the fishing fleet project under Commander Haffenden' in New York.[773]

The Office of Strategic Services claimed to have gone even further. Precursor to the CIA, OSS' presence in Sicily was led by Joseph Russo, whose father had been born in the Sicilian mafia stronghold of Corleone. Russo sought out mafia leaders as collaborators.[774] In a secret internal report archived in the US National Archives, filed under the OSS codename 'Experimental Department G-3', Russo made a pragmatic case for engaging the mafia: 'Only the Mafia is able to bring about suppression of black market practices and influence the … majority of the population.' Russo claimed with striking bravado to have turned the Mafia into a strategic asset:

> We at the present time can claim … the Mafia. We have had conferences with their leaders and a bargain has been struck that they will be doing as we direct or suggest. A bargain once made here is not easily broken.…[775]

Where would this supposed bargain lead?

'Wine and women and champagne'

The AMG's improvisational and apparently uncoordinated approach to dealing with the mafia at the tactical level might suggest a lack of awareness of the problem at the strategic level. This was not so. As with many contemporary peacekeeping and

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[770] Newark, *Mafia Allies*, pp. 190-191.
[771] Lupo, 'The Allies and the mafia', p. 24.
[772] Alfieri testimony, pp. 22-23
[773] Alfieri testimony, p. 20; Titolo testimony, p. 18
[774] Joseph Russo, in BBC, 'Allied to the Mafia', *Timewatch*, SE01E01 (BBC), originally aired 13 January 1993, available at https://www.youtube.com/watch?v=PPSDa3ANI7s, accessed 19 August 2014.
[775] Untitled 7-page report by Experimental Department G-3, Palermo, to Experimental Department G-3, Algiers 13 August 1943, NARA, RG 226, Entry 99, Box 39, Folder 195A.

military operations that grapple with criminal spoilers, the issue was not so much a lack of awareness of the problem as an absence of a clear, coordinated strategic response.

The man in charge of AMG's administration of Sicily was Major-General Francis Baron Rennell of Rodd. A former diplomat and banker, Lord Rennell had won the Royal Geographic Society's Founder's Medal in 1929 for a study of the Touareg nomads of the Sahel, suggesting an anthropologist's eye for social complexity. He was not blind to the danger posed by the mafia. In fact, he specifically warned his superiors that '[t]he aftermath of war and the breakdown of central and provincial authority provide a good culture ground for the [mafia] virus',[776] and that the 'Mafia is far from dead'. Only the 'intimate local knowledge' of local police could combat it.[777] The AMG insisted on exercising indirect control over the Sicilian population, with 'the Sicilians doing' the actual 'governmental work'.[778] But after a decade of fascism, there were few alternative authorities capable of assisting the Allies to restore order and welfare on the island.[779]

Rennell concluded that the interventionist approach favoured by the Americans – removing all Fascist institutions – was unwittingly playing into mafia hands:

> Unfortunately owing to the zeal which Allied Military Government Officers have shown in the removal of Fascist [mayors] they have fallen into the trap of appointing the most pushing and obvious person, who in certain cases are now suspected as being the local Mafia leaders. In certain parts of Sicily there is no doubt that the election of [mayors] will result in virtually unanimous voting for local MAFIA leaders.[780]

Mafiosi found that the AMG's door pushed open very easily. Many of the AMG's initial mayoral selections resulted from AMG officers 'following the advice of their self-appointed interpreters who had learned some English in the course of a stay in the USA'. Many were American Mobsters who had fled the US or been deported back to southern Italy. Under their influence, concluded Rennell, AMG officials 'invariably chose a local Mafia "boss", or his shadow, who in one or two

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[776] Combined Chiefs of Staff Memorandum for Information No. 133, 'Second Situation Report on AMG Sicily', 2 September 1943, FO 371/37326.
[777] Rennell, 'Confidential Notes', pp. 2-3.
[778] French to Dixon, 'Report of the Working of AMGOT', 16 September 1943, BNA, FO 371/37326.
[779] Rennell, 'Confidential Notes', pp. 2-3. See also Luigi Lumia, *Villalba: Storia e Memoria* (Caltanissetta: Edizioni Lussografica, 1990), Vol. II, p. 432.
[780] Rennell, 'Confidential Notes', pp. 2-3.

cases had [themselves] graduated in an American gangster environment.'[781] AMG officers' 'ignorance of local personalities' led them to appoint 'a number of mafia "bosses"'.[782] In Villalba, Don Calògero Vizzini, a major mafia leader in western Sicily, was appointed mayor.[783] And in Naples, Lewis recorded how Genovese and local associates had quickly 'manoeuvred into a position of unassailable power in the military government…. In so far as anyone rules here, it is the Camorra.'[784]

American officers seem to have taken longer than their British counterparts to accept that the mafia posed a problem. There were deep cultural and organizational divisions between the two Allies, and AMG organization was frequently chaotic.[785] (Again, the parallel with the experience in occupied Iraq sixty years later is striking.) American officers denied there was a problem, some arguing there was no formal mafia organization in Sicily, just a system of hereditary chieftainship.[786] British officers kept calling for an AMG-wide policy.[787] But the basic problem was in identifying who exactly *was* a mafioso. The British government historian later noted that all foreign occupiers face difficulty in weighing up 'the value or danger of local characters'.[788] But in Sicily, as Rennell pointed out, there was an additional problem:

> Here my difficulty resides in the Sicilian Omerta code of honour. I cannot get much information even from the local Caribinieri who in outstations inevitably feel that they had better keep their mouths shut and their skins whole if the local AMGOT representative chooses to appoint a Mafioso, lest they be accused by AMGOT of being Pro-Fascist. The local Mafiosi who of course had no love for the [Fascist] regime, which persecuted the Mafia, are naturally not slow in levelling accusations of Fascist sympathies against their own pet enemies.[789]

The AMG was, in a sense, flying blind. By October 1943 the Americans

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[781] Charles R.S. Harris, *Allied Military Administration in Italy 1943-1945* (London: H.M. Stationery Office, 1957), p. 63.
[782] Rennell, 'Monthly report for August 1943 on the Administration of Sicily', 27 October 1943, BNA, CAB 122/442, p. 5. A similar analysis is offered in Duff, 'Narrative', Chapter 2, Part III, p. 49.
[783] BBC, *Allied to the Mafia*, *supra*.
[784] See Lewis, pp. 61, 70, 125.
[785] See George C.S. Benson and Maurice Neufield, 'Allied Military Government in Italy' in Carl J. Friedrich, et al., *American Experiences in Military Government in World War II* (New York: Rinehart & Company, Inc., 1948), pp. 111-147.
[786] Minutes of Meeting of Provincial C.A.P.O.s held at H.Q., AMGOT, Palermo, at 1000 hrs., 8 September 1943, BNA, FO 371/37327, p. 4.
[787] Minutes of Meeting of Provincial C.A.P.O.s held at H.Q.,, AMGOT, Palermo at 1000 hrs, 6 October 1943, BNA, FO 371/37327.
[788] Harris, p. 63.
[789] Rennell, 'Monthly Report', pp. 5-6.

were forced to admit that there might be a problem, and commissioned a military intelligence officer, Captain W.E. Scotten, who had served three years as American Vice-Consul in Palermo, to develop ideas to address the 'grave and urgent' problem of the mafia. After consulting with Allied military and political intelligence officers and local Sicilian informants, Scotten produced a remarkable six-page confidential memorandum entitled 'The Problem of Mafia in Sicily' which was circulated not only amongst AMG leaders but also in Allied HQ in Algiers and London.[790]

Scotten demonstrated a nuanced appreciation of mafia power. He explained the mafia as the product of 'a system of private safeguards' that had emerged in the absence of effective state capabilities in the centre of Sicily, degenerating from a 'feudal system' of rackets into 'a criminal system' aimed at committing 'extortion and theft with impunity'. It was both an 'association of criminals', disciplined through a code of silence, and, because of the imposition of that code on the public, 'more than an association; it is also a social system'.[791] It nurtured its own power through deliberately cultivating governmental power, showing

> the desire to entangle in its meshes persons in high places who could serve to protect its own members when need arose, even to the extent of intervention in Rome on their behalf. As a matter of fact, Mafia, before the advent of Fascism, had reached the position of holding the balance of political power in Sicily. It could control elections, and it was courted by political personages and parties…[792]

It was wrong, Scotten argued, to think that the Fascists had wiped out the mafia. Mori was ordered back to Rome, he explained,

> when it became apparent that a complete housecleaning would involve too many high-ranking professional and business people and even influential members of the [Fascist] Party…[793]

The mafia had, Scotten asserted, quickly regenerated its power in Sicily during the brief Allied occupation by using these links and its own social networks to assert control over the black market. Now, he argued, the 'grave implications' of resurgent mafia power not only for Sicily's political future but also 'on the mainland of Italy' must be recognized in AMG Headquarters.[794]

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[790] Scotten, 'The Problem of Mafia in Sicily', *supra*.
[791] *Ibid*. pp. 2-4.
[792] *Ibid*., pp. 2-3.
[793] *Ibid.*, p. 3.
[794] *Ibid.*, pp. 4-5.

Yet AMG's strategic leadership did not seem too concerned. Though British officers on the ground were increasingly worried, their leaders seemed resigned to the fact that the mafia would inveigle itself into the post-war political system. Macmillan wrote almost flippantly to the Foreign Secretary Anthony Eden in September 1943:

> Whatever Fascism may have been in theory or on the mainland of Italy, in Sicily it was obviously just a legalized 'racket'. It is worth remembering that Al Capone was a Sicilian. Of course, in due course AMGOT and Control Commissions will pass away, the 'racket' will return, 'democracy will then resume its reign/and with it, wine and women and champagne'.[795]

Macmillan was adapting a satirical ditty by Hillaire Belloc from 1923, *On a General Election*, which had skewered the British political parties for being more similar than different:

> The accursed power which stands on Privilege
> (And goes with Women, and Champagne and Bridge)
> Broke — and Democracy resumed her reign
> (Which goes with Bridge, and Women and Champagne).[796]

An election that brought a change of government in truth simply changed the ordering of priorities, not their underlying content, he was implying. Macmillan was picking up this theme, suggesting that the war, and Allied occupation, would have a similar effect in Sicily – i.e., not much. Ultimately, he suggested, the mafia and the Fascists were not so different.

'Our good friends'

The Allies did not plan to put the mafia back in power. Nor, however, was it simply, as Tim Newark has argued, 'a mistake', in which the AMG allowed the mafia to 'put themselves back in positions of power'.[797] The AMG's approach lay between the two: it was not blindness, but wilful blindness; not ignorance, but acquiescence. And in some individual cases, it went even further: connivance and collusion.

As early as October 1943 Captain Scotten was reporting 'numerous cases' of both local Sicilian mafia figures and American Mobsters operating inside AMG

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[795] Macmillan to Eden, 5 September 1943, BNA, FO 371/37327.
[796] Hillaire Belloc, *Sonnets & Verse* (London: Duckworth & Co., 1923), p. 152.
[797] Newark, *Mafia Allies*, p. 195.

ranks.[798] The unpublished draft official history of AMG concluded that AMG 'interpreters', many of whom had acquired their knowledge of English 'while members of some of the most unscrupulous racketeering gangs in the United States', used AMGOT armbands, motor-car labels and other official markings to facilitate their criminal activities.[799] Allied military supplies were imported tax-free; they could be diverted and sold into the Italian black market at huge mark-ups, while still sold at a steep discount to official prices. Genovese's system, as one example, drew in the Neapolitan Camorra, Neapolitan judges, the mayor of Nola, the president of the Bank of Naples, as well as Don Calò and the Sicilian mafia.[800]

As a result, Scotten asserted as early as October 1943, the local population was beginning to see AMG as 'the unwitting tools of Mafia'.[801] But as evidence of active collusion mounted, it became clearer that some AMG officers were the witting tools of the mafia. Genovese's extensive operations clearly benefited from some level of protection within AMG. Suspicion fell on Poletti. During the 1930s and 1940s, when Frank Costello's influence over Tammany and judicial appointments was clear, Poletti became Counsel to the Democratic National Committee, then Justice of the New York State Supreme Court, then Lieutenant-Governor of New York and then, for just 29 days, Governor of New York. It was precisely this experience in the senior levels of government that was seen as qualifying him for the post of Senior Civil Affairs Officer in the AMG, the highest American post. But the model of government he brought to Sicily, as Macmillan had noted, was drawn straight from the Tammany tradition – which, as we have seen, had long included friendliness to organized crime. Lucky Luciano described Poletti as 'one of our good friends', often mafia code for signalling someone was an initiated mafioso himself.[802] There is a trail of annotations and asides in archived British government wartime memoranda noting concern about Poletti. Lewis, a military intelligence officer, concluded simply that Poletti provided Genovese 'high-placed protection'. Herlands investigation materials also seem to corroborate

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[798] Scotten, 'The Problem', p. 4.
[799] Duff, Chapter 2, Part III, p. 53; Notes, Meeting of Intelligence Officers in Palermo, 10 February 1944, BNA, WO 204/827, p. 4.
[800] David Hanna, *Vito Genovese* (New York: Belmont Tower Books, 1974), pp. 69-74; Costanzo, p. 127; Valachi, pp. 175-176; Raab, p. 82; Newark, *Mafia Allies*, pp. 215-216, 222-226; Pantaleone, pp. 62-64; Gosch and Hammer, pp. 274, 303.
[801] Scotten, 'The Problem', p. 4.
[802] Gosch and Hammer, p. 273.

the idea that Poletti worked with Genovese to 'operate the black market'.[803]

Genovese's run was ultimately interrupted by a fearless 24-year old military investigator, Orange Dickey, who bravely ignored his superiors' active obstructions and single-handedly returned Genovese to face outstanding murder charges in Brooklyn – charges he had somehow been evading the whole time he served as the official interpreter to a former justice of the New York State Supreme Court and Governor, Poletti. During his investigation, Dickey turned up other Tammany figures in Italy, notably Bill O'Dwyer, the District Attorney in Brooklyn who appears to have deliberately bungled the investigations into Murder, Inc. By the time Dickey got Genovese back to New York, the main witness against Genovese had been murdered in prison. Genovese walked free. He was now one of the most senior mobsters in New York, with a new, lucrative transatlantic network connecting the Mob even more directly than before to Italy. And best of all, the Allied Military Government seemed disinclined to interfere with his activities.[804]

Mafia separatism

Confrontation, accommodation or withdrawal?

Scotten set out three strategic options open to AMG for dealing with the mafia. The first was confrontation: a quick and direct action to bring the mafia under control, through the arrest of 500 or 600 top mafia leaders and their detention or deportation without trial. But for this option, Scotten noted,

> time … is of the essence. Mafia has not yet regained its old strength… its organisation is still to a considerable degree disrupted and localised, and the public at large is not yet under the incubus of fear and silence which mafia knows how to impose. But this fear is rapidly returning, and once it has set in, the problem for the police will be multiplied many times over.[805]

Scotten himself favoured this approach, seeing it as 'the only one consistent

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[803] H. L. Coles and A. K. Weinberg, *Civil Affairs. Soldiers Become Governors*, CMH 11-3 (Washington, DC: US Army, 1964), p. 210; notes on file cover R 880/693/22, 18 January 1944, covering Resident Minister, Algiers, to Foreign Office, 15 January 1944, BNA, FO 371/43918; Lewis, pp. 109-110; Memorandum, Re: Mary Katen, 12 February 1951, URHIM 17:no number.
[804] Ed Reid, *Mafia* (New York: Signet, 1964, revd ed.), pp. 85-95, 163-184; Newark, *Mafia Allies*, pp. 222-226.
[805] W.E. Scotten, 'Questions relating to political, social, and economic forces in Sicily and South Italy', Security Intelligence Subsection of AMG HQ Palermo, 10 December 1943, BNA, FO 371/43918, p. 4.

with the expressed objectives of military government'. Yet he also recognised what a strategic challenge it posed: it 'requires a careful appraisal of the ways and means available at the present juncture'. He was doubtful that AMG could ensure the secrecy required for such an operation to be effective, or the political willingness to arrest and deport five or six hundred leaders, some of considerable social standing.

A second option was accommodation: the deliberate negotiation of a truce with Mafia leaders, trading an agreement by the mafia to liberalize the trade in foodstuffs and staples, and not to interfere with AMG personnel and operations, for a commitment by the AMG to not come after the mafia. Scotten considered this impracticable, because such an agreement could not be kept secret. And were any such agreement to leak, it would irreparably damage the political credibility of the AMG in the eyes of the populace.[806]

A third option was withdrawal: 'abandonment of any attempt to control Mafia throughout the island', with AMG withdrawing into enclaves where military government could function properly – ceding the rest of the island to the Mafia. Scotten described this third option as 'the course of least resistance'. But it would also be interpreted as 'weakness'

> by the enemy, by the rest of Italy, by other enemy-occupied countries who are watching the experiment of AMG, and by the home populations. It may well mean the abandonment of the island to criminal rule for a long time to come.
>
> 'On the other hand', he noted wryly, 'its chance of success is certain.'[807]

Though Scotten's analysis was circulated throughout the AMG leadership and in Allied HQ, there is no evidence that it received much active discussion or debate. Instead, AMG's mafia strategy emerged more by accident than active design. Scotten had made clear that the third option – withdrawal in the face of the mafia into AMG enclaves – was a political non-starter. The first option – confrontation – also seemed unlikely, given the absence of attention to the issue in the AMG leadership, and the forces' limited policing capabilities. Allied military and intelligence personnel were likely to be seen as needed elsewhere to fight the war, rather than investigating and arresting mafia-linked businessmen and

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[806] *Ibid.*, pp. 5-6.
[807] *Ibid.*

agriculturalists in southern Italy. Nor was local law enforcement up to the task. An American field intelligence report from 3 December 1943 described how the *caribinieri* were forced into crime to feed their families because their weekly salary could barely cover the cost of three loaves of bread. As the report noted, '[n]aturally this leads to lack of respect for law and order, and plays in to the hands of the political parties which might wish to foster disturbances for their own ends'.[808]

That left the second option – accommodation. Scotten had discounted this option on the grounds that a negotiation could not be kept secret. But perhaps there was some other way to reach accommodation, other than through the AMG negotiating directly with the mafia – through more acceptable, notionally political intermediaries, such as the emerging Sicilian political parties.

The logic of mafia separatism

By the end of 1943 the central question for the Mob, the Sicilian mafia and other potential players in Italy's market for government was what form the new, post-occupation political settlement in Italy would take. The AMG's policy on this question was difficult to discern. In February 1944 a group of Allied intelligence officers concluded in exasperation that 'Nothing is known about the kind and form of civilian government for Sicily that will be supported, or at least encouraged, by the Allies'.[809]

Captain Scotten argued that the absence of policy was creating a drift towards separatism, in part because the mafia had surrounded the AMG with 'separatist friends and advisors'. The AMG, he noted, had 'consistently appointed to public office either outright separatists or persons of separatist sympathy'.[810] As a result, he concluded, 'the AMG has not only placed itself at a disadvantage to deal with Mafia, it has even gone so far as to play into its hands'.[811] The mafia's dealings with political parties should not, Scotten argued, be surprising, since it had always operated as 'a system of political racketeering on the higher levels and criminal racketeering on the lower levels'.[812] While the mafia was dealing with a wide range

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[808] Untitled 2-page report, 3 December 1943, BNA, WO 204/12615.
[809] Notes, Meeting of Intelligence Officers in Palermo, 10 February 1944, BNA, WO 204/827.
[810] Scotten, 'The Problem', p. 5.
[811] Ibid. On the Poletti appointments see Finkelstein, p. 57
[812] Scotten, 'Questions relating', pp. 5-6. See also Pantaleone, pp. 87, 195.

of parties, including leftists, both Scotten and the Foreign Office predicted that they would ally with the emerging clandestine 'Separatist movement'.[813]

An alliance appears in fact to have been agreed in a series of meetings around that time.[814] The separatists were now, as Monte Finkelstein, the preeminent English-language historian of the separatist movement put it, under the mafia's protection.[815] There was significant, though hidden, overlap between the leadership groups of the two organizations. A noted later *pentito*, Tommaso Buscetta, would later claim that the primary separatist leader, Finocchiaro Aprile, was a member of his mafia *cosca*.[816] The British Vice-Consul in Palermo at the time, Manley, felt that 'in many cases' the Mafia and the separatists 'are the same individuals'.[817] More broadly, the strategic interests of the two groups seemed to be aligning. The large landowners who formed the backbone of the emerging separatist movement had traditionally relied on the mafia to coerce the population. Now, lacking a social base of their own through which to win governmental power, an alliance with the mafia, bandits or some other 'counterpower to the state' became necessary.[818] A January 1944 analysis by the US military concluded that the mafia's control over the Sicilian population made it the natural ally of the Separatist Movement.[819]

Alliance with the separatists also served mafia interests. When the occupation ended and the black market it fuelled disappeared, the mafia's ability to extract criminal rents would depend on its traditional source: economic supply chains originating in the countryside areas that remained, despite Fascist efforts, under the influence of the landowners at the heart of the separatist movement. The breakup of the *latifundia* had never been truly completed; 1947 figures showed that more than a quarter of Sicilian territory was still held in that form.[820] This was the

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[813] Pink, File Annotation, on Rennell, 'Situation in Sicily', 3 September 1943, FO 371/37326; and Rennell, Memorandum, 20 August 1943, BNA, WO 220/312, p. 4. On the background of the separatist movement see Finkelstein, pp. 36-52.
[814] Joint Intelligence Collecting Agency, 'Comprehensive Outline of the Sicilian Separatist Movement', 17 January 1944, BNA, WO 204/12618, p. 3; US Naval Intelligence, Palermo, Report, 15 February 1945, BNA, WO 204/12618; Pantaleone, pp. 66, 75; Finkelstein, pp. 60-61; Newark, *Mafia Allies*, pp. 242-243.
[815] Finkelstein, p. 61.
[816] Dickie, *Cosa Nostra*, p. 198.
[817] Vice-Consul Manley, 'Report on Sicilian Separatism and the Movimento per L'Indipendenza della Sicilia', 17 April 1946, BNA, FO 371/67786, p. 2.
[818] Catanzaro, p. 116.
[819] JICA, 'Comprehensive Outline', pp. 3-4.
[820] Catanzaro, p. 118.

economic logic, but it also mapped onto a separatist political logic. The US military intelligence apparatus concluded that

> the Maffia members want an autonomous Sicily because in order to accomplish their criminal aims, they can easier intimidate the Civil public servants, then [*sic*] they could those residing in far-away Rome.[821]

The mafia alliance with the separatists was thus both radical and conservative. It was radical because for the first time, 'instead of inserting itself into an existing power structure' the mafia 'seemed bent on contributing directly to a political hypothesis' – formal Sicilian separation from the Italian state, the creation of a new political entity within which to maximize the mafia's hidden power.[822] But it was also conservative, since it aimed at conserving an existing political economy.[823] Political radicalism – separatism – was necessary in the service of economic conservatism. The mafia would, as Pantaleone saw it, pick as a political ally whichever party was 'as "governmental" as possible' – i.e. whichever party offered it the greatest prospect of exercising governmental power in Sicily.[824] While that appeared to be the separatists, mafia support would continue. Should that change, the mafia's criminal strategy could dictate a change in political alliances.

The strategy seemed to be working. As the Allies handed formal administrative control over Sicily back to the Italian state on 11 February 1944, they left behind a native Sicilian as governor. It was Poletti's pick; he nominated Francesco Musotto, a former mafia defence lawyer. OSS reported simply that the mafia had 'won out'.[825]

Seeking Great Power protection

But the game was not over. By early 1944 it was apparent that's Sicily strategic location in the Mediterranean could make it an important theatre in the emerging

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[821] JICA, 'Comments on Separatist Movement in Sicily', 21 January 1944, BNA, WO 204/12618, p. 2. See also G-2(CI) NATO to G-2(CI) AFHQ, 'Separatism and Separatists', 11 January 1944, BNA, WO 204/12618.
[822] See Lupo, *History of the Mafia*, p. 189.
[823] See Italian Parliamentary Commission of Inquiry into the Mafia phenomenon in Sicily, *Relazione sui lavori svolti e sullo stato del fenomeno Mafioso al termine della V legislature* (Relazione Cattanei), Legislature V, Doc. xxiii, n. 2 (Rome: Senate Printing Press, 1972), p. 117.
[824] Pantaleone, pp. 65, 71.
[825] 'Selection of a native Governor', 10 January 1944, NARA, RG 226, 226/55277; Harold C. Swan, 'Sicilian Separatist Movement', 23 October 1944, BNA, FO 371/43918; Newark, *Mafia Allies*, p. 213.

competition for influence in post-war Europe. The Separatist-mafia alliance moved to exploit these shifts in the geostrategic environment by acquiring protection by a Great Power.

The traditional *latifundisti* and mafia posture had been one of clientelism to patrons in Rome. Mafia power had been built on brokering between rural Sicily and political and economic power in northern Italy. Replacing Rome and Milan with Washington and London was not a giant strategic leap. Separatist leaders began a quiet communications campaign, assuring Allied intelligence officers of their 'conviction that either American or British domination would result in economic benefits'.[826] Separatist leaders first floated the idea that Sicily should adopt a constitution modelled on Malta's, placing it not only within the British Commonwealth but ceding external relations power to the UK.[827] In July 1944 the separatist leader Finocchiaro Aprile wrote directly to Prime Minister Churchill to appeal to him to back Sicilian independence,[828] telling *The Times* that an independent Sicily 'would gladly accept British protection'.[829] When this did not produce results, separatist and mafia leaders switched their attention to the US. Don Calò, the preeminent Sicilian mafia *capo*, emerged as the leader of a separate, pro-American political party – the *Partito Democratico d'Ordine*, later rebranded the *Fronte Democratico d'Ordine Siciliano* – which argued not for Sicilian independence, but rather for Sicily to join the United States of America as a state or overseas territory. Its propaganda material and party branding adopted the stars and stripes.[830]

The likelihood of either the US or UK supporting Sicilian independence was always slim to none. It declined further as the separatist movement became increasingly violent. As early as 9 December 1943 the mafia had made clear, in a meeting with the separatist leadership, its willingness to use violence to promote the

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[826] US Naval Intelligence, Report, 7 December 1943, WO 204/12618.
[827] JICA, 'Comprehensive Outline', p. 4; Manley, p. 4.
[828] Finocchiaro Aprile to Winston Churchill, 6 July 1944, BNA, FO 371/43918.
[829] 'War Recedes From Sicily', *The Times* (London), 15 July 1944, p. 5.
[830] OSS, 'Democratic Front of Order to Become an Open Political Party', 11 September 1944, and OSS, 'Report for Period 16-30 September 1944', 6 October 1944, are in NARA, RG 226, Entry 99, Box 20, Folder 106; Nester to Secretary of State, 'Certain Elements Within the Separatist Party', 22 August 1944, NARA, RG 59, 865.01/8-2244; Nester to Secretary of State, 'Separatist Movement in Sicily, Enclosure No. 2', 4 September 1944, NARA, RG 59, 865.01/9-4444; JICA, 'Comprehensive Outline', p. 4; Manley, p. 4; Finkelstein, pp. 90-91, 116-117.

separatist agenda amongst the Sicilian population.[831] Mafia-sponsored agitation ensured that communist and nationalist politicians received a rough welcome when they campaigned in mafia-controlled areas.[832] Allied intelligence quickly became concerned that the separatist movement might be turning into a 'revolutionary movement'.[833] Through the first six months of 1944, this nascent revolutionary movement indeed seemed to be gaining considerable traction. In February, the movement held its first formal meetings, and established a Youth League. Provincial committees were formed, and separatist mouthpieces established in the press. By April the movement had become formalized as the *Movimento per l'Indipendenza della Sicilia* (MIS).[834]

But between April and June public order deteriorated sharply. In Palermo, criminal homicide tripled and robbery more than quadrupled in the first half of 1944.[835] Kidnapping exploded. Rival political rallies turned into running battles between gangs supporting different political factions.[836] With the economic situation still dire and public safety in free-fall, *anomie* and lawlessness rose, and the *intralazzo* (racket) took hold. It became impossible to escape corruption. Free market norms had been replaced by racketeering. 'Straightforward commercial transactions… are no longer possible', wrote a US intelligence analyst. And public administration had lost its legitimacy: 'to be an official personage is synonymous with having a "racket" on the side…. officials are assumed to be dishonest until proven otherwise.'[837] Scotten's prediction – that a failure to confront or otherwise address the mafia early on would lead to a resurgence of organized crime – seemed to be playing out.

It was not until mid-1944 that the Allies began to muster the political will to tackle the problem – and even then, only through cracking down on the mafia's upperworld avatars, the separatists. In June 1944 dire food shortages provoked civil

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[831] Pantaleone, pp. 66,75; US Naval Intelligence, Palermo, Report, 15 February 1945, BNA, WO 204/12618.
[832] Newark, *Mafia Allies*, pp. 240-242.
[833] Joint Intelligence Collecting Agency, Weekly Stability Report for period 10/17 December 1943, 20 December 1943, BNA, WO 204/12615.
[834] Finkelstein, pp. 66-68.
[835] Blok, *The Mafia of a Sicilian Village*, p. 190.
[836] Finkelstein, pp. 81-82.
[837] 'Summary of a Report on a Tour Made in Sicily during August 1944', in Charles to Eden, 12 October 1944, BNA, FO 371/43918, p. 2.

disorder. The Allies suspected the *latifundisti* and mafia of stoking the crisis to reap windfall black-market profits. Their patience wearing thin, Allied officials recommended to the Italian authorities the 'removal from Sicily (with the help, if necessary, of the Security Branch) of the heads of the Separatist Movement'.[838] The separatist efforts to attract Great Power protection seemed to have failed.

Negotiating peace with the mafia

The new Italian government was not yet sufficiently strong, however, to confront the mafia and *latifundisti* by detaining the separatist leadership. In stead it replaced Musotto, the separatist-leaning High Commissioner, with Salvatore Aldisio, a more moderate Christian Democrat (*Democrazia Cristiana*, or DC), and charged him with pursuing Scotten's second strategic option: accommodation. Scotten had suggested that the AMG could offer the mafia more liberal market policies in return for peace. Aldisio recognized that the Sicilian mafia in fact sought something more enduring: the preservation of their position as governmental powerbrokers. He could neutralize separatism by making clear the DC's willingness to accommodate the mafia's governmental power on the island.[839] Aldisio began secretly wooing the mafia away from MIS, convening meetings of mafia leaders and DC party members, and working with Don Calò to end the grain crisis.[840]

The *latifundisti* and MIS leadership faced a choice: abandon their support for separatism and throw their lot in with the DC; or encourage continued mafia support by accelerating the separation process. They chose the latter. Over the summer of 1944 MIS leaders began seriously to plan an insurgency, while stepping up outreach to foreign powers to prepare the ground for a possible declaration of independence later in the year.[841] At a congress in August 1944, MIS formally adopted a platform contemplating military action. The party's slogan switched from 'Plebiscite and Independence' ('*Plebiscito e Indipendenza*') to 'Independence or

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[838] Quoted in Finkelstein, p. 79.
[839] Pantaleone, pp. 76-77.
[840] OSS, 'Notes on Separatism: 1. Communist Leader, 2. Aldisio's Attitude, 3. Pro-American Maffia, 4. Bagheria Meeting', 7-14 August 1944, in FBI, 65-51898-3; Counter Intelligence Corps, Naples Detachment, Memorandum, 'Sicilian Political Situation', 4 February 1945, BNA, WO 204/12619; Report, 'Italy, Government, Political Parties in Sicily, Maffia and Separatist Movement', 10 December 1943, NARA, RG 38, 9632-H, C-10-f; Manley, p. 5; Finkelstein, pp. 49, 88-89.
[841] Finkelstein, pp. 80-87.

Death' ('*Indipendenza o Morte*').[842] On 13 September, a large crowd of separatists disrupted a meeting between a minister visiting from Rome and the (unitarian) Democratic Party of Labour, then marched to MIS headquarters in Palermo. There they held a rally without government permission and chanted threats of a 'new Sicilian Vespers' – the successful but bloody rebellion against French-Capetian rule in 1282.[843] On 16 September, a leading Sicilian Communist figure, Girolamo Li Causi, was shot in the leg, and fourteen of his supporters badly injured, during a speech in Villalba, Don Calò's home turf.[844] A separatist congress in Taormina on Sicily's east coast began laying out detailed plans of revolution covering military strategy, political coordination, and diplomatic outreach.[845]

Rumours of the planned uprising soon leaked. American officials advised Aldisio to exercise restraint, arguing that nothing would happen unless there was a clear trigger for mass revolt.[846] Aldisio, however, prepared to arrest the plotters and exile them to the same outlying islands on which Mori had imprisoned mafia leaders almost 20 years earlier. The police raided MIS headquarters and confiscated membership lists, shutting down the office. Separatist leaders threatened 'war'.[847]

Even as it pressed the MIS leadership, the Italian state continued its efforts to peel away mafia support. Aldisio reached out again to Don Calò, encouraging him to throw mafia support to the Christian Democrats.[848] While Vizzini apparently declined a formal alliance, the party that he controlled – the *Fronte* – altered its platform to favour autonomy, not separatism, splitting with the MIS.[849] Responding to this promising signal from a key mafia leader, Rome sent a senior military commander to Sicily to open talks to resolve the separatist question. This envoy,

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[842] *Ibid.*, p. 92.
[843] OSS, 'Minister Runi and Prefect D'Antoni Meet Secretly with Tasca Brothers on Sicilian Autonomy', 15 September 1944, CIA, and OSS, 'Report for Period 16-30 September 1944', 6 October 1944 are in NARA, RG 226, Entry 99, Box 20, Folder 106; Finkelstein pp. 94-95.
[844] Pantaleone, p. 88; Finkelstein, pp. 95-97.
[845] JICA, 'Separatist Plans of Action', 2 November 1944, BNA, WO 204/2168; Commodore Ellery W. Stone to Italian Prime Minister Ivanoe Bonomi, 3 November 1944, BNA, WO 204/2168; 'Account of the First Congress of the Separatist Movement Held in Taormina on 20, 21, 22 October 1944', NARA, RG 331, 10000/143/278; Nester to Secretary of State, 'Separatist Movement: Congress at Taormina', 4 November 1944, NARA, RG 59, 865.01/11-444; Finkelstein, pp. 102-110.
[846] Rie and Switzer, 'Separatist Activity in Palermo', undated, NARA, RG 331, 10100/143/275; Finkelstein, p. 111.
[847] 'Palermo Incident', Report No. 70, 14 November 1944, BNA, FO 371/43918; Finkelstein, pp. 112-114.
[848] Finkelstein, p. 121; Catanzaro, pp. 122-123.
[849] Finkelstein, pp. 118-119.

Giuseppe Castellano, was quickly 'convinced that the strongest political and social force to be reckoned with is the Maffia', and redoubled negotiation efforts.[850] Castellano told the Allies point-blank that a political settlement was possible, if 'the system formerly employed by the old and respected Maffia should return'.[851]

Within five weeks he had presented a detailed political reform proposal to Rome. It included support for regional autonomy 'which will deflate the program of the separatists', and 'extraordinary measures in the administrative-judicial department' to deal with 'banditry and criminal elements'. What were these extraordinary measures? 'The Maffia in Sicily', Castellano wrote, 'is not a negligible force. It will be necessary to select the most influential leaders (who are also capable) and confer responsible posts upon them.' Castellano was proposing directly enlisting the mafia as an instrument to enforce the legal and political order of the state.[852]

Castellano called together top MIS, *Fronte* and mafia leaders. Around 20 mafia leaders attended. Castellano explicitly framed the talks as an effort to find common ground around autonomy proposals, made urgent by rising Sicilian support for communism and the increasingly obvious split between the Atlantic powers and the Soviets. Out of these talks emerged a specific proposal. Virgilio Nasi, the mafia *capo* in Trapani province, would lead a new mafia-backed movement for autonomy (not independence), take over from Aldisio as High Commissioner, and serve as the groups' envoy to the Italian government in Rome. In return, Don Calò promised Castellano that he would ensure that the landowners and their conservative allies in Palermo would get behind this new arrangement, and that the mafia would work against communism. The proposal was put to Nasi by Castellano, Don Calò and other Mafiosi at a meeting on 18 November 1944 in Castellammare del Golfo.[853]

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[850] OSS, 'General Castellana Seeking Maffia Accord', 13 October 1944, NARA, RG 226, 226/103050.
[851] Nester to Secretary of State, 'Statements Made by General Castellano Regarding Sicilian Situation and Possible Solution Thereof', 18 January 1945, NARA, RG 59, 865.01/11-444.
[852] Nester to Secretary of State, 'Excerpts From a Secret Report by General Castellano to Count Sforza and Carondini', 4 November 1944, NARA, RG 59, 865.01/11-444.
[853] Nester to Secretary of State, 'Leaders of the Maffia Meet at a Number of Secret Meetings in Palermo', 18 November 1944, NARA, RG 59, 865.01/11-1844; Nester to Secretary of State, 'Meeting of Maffia Leaders with General Giuseppe Castellano and Formation of Group Favoring Autonomy', 21 November 1944, NARA, RG 59, 865.00/11-2144; Nester to Secretary of State,

Castellano worked to enlarge the momentum of the autonomy proposal through bilateral meetings in December 1944 and January 1945 with an expanding circle of political party leaders, including Li Causi for the Communists and Aldisio for the Christian Democrats. He proposed formal round-table talks to back autonomy and choose a representative to negotiate with the Italian government, but the factions were unable to agree on the question of the inclusion of the MIS leadership in the talks.[854] Castellano pushed on, attempting to mediate a solution through shuttle diplomacy, without a formal roundtable discussion. Under pressure, the MIS leadership contemplated a federal political settlement – but only if Sicily became a sovereign republic 'be it only for a day' before joining with Italy.[855] The idea did not take hold. An agreement remained elusive, and the risk of civil war loomed.

A bandit army

As these secret negotiations proceeded, the state became increasingly alarmed at the separatists' rising popularity. In late 1944 the Italian government estimated that MIS could count 400,000 to 500,000 supporters. Other parties could boast less than 10 per cent as much support.[856] A Sicilian revolution seemed a real possibility.

In mid-December 1944 a call by the Italian government for recruits to fight alongside the Allies met a hostile public response. Sicilians were tired of war and reluctant to fight for a far-off Roman power that was in the midst of an island-wide crackdown on the black market in grain and flour – the Sicilian staple. Whipped up by separatist agitators, violence broke out targeting government buildings, telecommunications facilities, banks and food stores in Catania and Palermo. In the south, a rebel band in Palma di Montechiaro occupied strategic approaches, cut communication, set fire to municipal offices and destroyed documents inside (including property registers and tax records), seized stored weapons and held the

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'Formation of Group Favoring Autonomy Under Direction of Maffia', 27 November 1944, NARA, RG 59, 865.01/11-2744; Finkelstein, p. 122.

[854] Nester to Secretary of State, 'Statements'; Nester to Secretary of State, 'Further Developments in General Castellano's Solution to the Sicilian Problem', 23 January 1945, NARA, RG 59, 865.00/1-2345; Nester to Secretary of State, 'Possible Fusion of Maffia and Separatists Under Leadership of Vittorio Emanuele Orlando', 10 April 1945, NARA, RG 59, 865.00/4-1045; Finkelstein, pp. 122-124.

[855] Joint Intelligence Collection Agency, 'Discussion of the Possibility of an Agreement Between Separatists and Unitarians', 28 March 1945, NARA, RG 226, 122735; 'Italy – Sicily – Separatist Movement, Trends Of', Report, 28 March 1945, NARA, RG 38, 9632-I, File C-10-f.

[856] Finkelstein, p. 126.

town for four days.[857] Attacks on government military and police barracks continued into January.[858] Some sources saw the hand of the mafia.[859]

The Allies realized that the weak Italian government now faced a nascent 'rebellion' or 'insurgency', and that they might be forced to intervene militarily.[860] But the Italian government's announcement of support for an autonomy package seemed to buy some time. The MIS leadership vacillated. It came close to calling for an uprising, but ultimately decided not to – at least not yet.[861] For some of their supporters, however, Rome's embrace of autonomy was cause for desperation. At Comiso in Ragusa in early January 1945, a breakaway group of former Fascists within MIS ranks declared a republic and established a 'provisional government'. Heavy fighting left 15 Italian personnel dead. It took the arrival of an artillery regiment with a tank and armoured car escort to bring the situation under control.[862]

Despite significant popular support for Sicilian independence in late 1944, by the end of 1945 the MIS was spent as a political force. Finkelstein explains that the MIS' leadership, drawn from the ranks of traditional landowners, urban merchants and service professionals, failed to develop an effective organization beyond the island's northern urban centres, in the poorer southern towns and the rural interior. In those areas support shifted rapidly through 1945 towards the better

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[857] Rome to Foreign Office, 17 December 1944, BNA, FO 371/49767; ONI, 'Sicily – Student Demonstrations against Military Service', 18 December 1944, WO 204/12660; JICA, 'Sicily – Riots in Connection with conscription', 29 December 1944, BNA, WO 204/12660; 51 Field Security Section to GSI(b) HQ 3 Dist., 'Disorders in Western Sicily 17 to 24 Dec 44', 24 December 1944, BNA, WO 204/12660; J.N. Horan, 'Intelligence Report: Sicily – Riot at Alcamo', 18 December 1944, BNA, WO 204/12660; Nester to Secretary of State, 'Sicilian Crisis: Telegram from General Branca, Commanding Carabinieri', 21 December 1944, NARA, RG 59, 865.00/12-2144; Allied Control Commission, Sicilian Region Headquarters to Headquarters, Allied Control Commission, Rome, 'Unrest in Sicily', 20 December 1944, NARA, RG 331, 10000/136/444; Allied Commission, Eastern Sicily to G3, HQ, 'Causes of Recent Civil Disturbances in Eastern Sicily', 27 December 1944; Finkelstein, pp. 129-131; Newark, *Mafia Allies*, pp. 244-246.

[858] See e.g. Command Intelligence Center, US Navy, 'Attacks by Armed Bands on Barracks of Carabinieri in Palermo Area', 21 January 1946, BNA, WO 204/12617.

[859] For example US Psychological Warfare Board, 'Report', 10 January 1945, WO 204/4459.

[860] US Naval Intelligence, Palermo, 'Report', 30 December 1944, BNA, WO 204/12660; US Intelligence Division, Chief of Naval Operations, 10 January 1945, BNA, WO 204/12660.

[861] 'Aspects in the Fight Against Separatism', 28 December 1944, NA, RG 331, 10100/143/275; Office of the Chief of Naval Operations, 'Italy—Sicily—Separatist Movement Tendencies and Reaction to Autonomy Measures', 3 January 1945, NARA, RG 38, 9632-I, File C-10-f; Finkelstein, pp. 132-136.

[862] ONI, 'Insurrection in Ragusa and Syracuse Provinces', 31 January 1945, BNA, WO 204/12661; Psychological Warfare Branch, 'Report on the Rebellion in the Province of Ragusa 5/11 January 1945', BNA, WO 204/12661; US Naval Intelligence, Palermo, Report to AFHQ, 8 January 1945, BNA, WO, 204/4459; Finkelstein, p. 136.

organized *Partito Comunista Italiana* (Communist Party), whose program of socio-economic reform seemed more attuned to a post-war agenda, and offered more concrete deliverables than the abstract, and rather utopian, notion of 'separatism'.[863] The rapid collapse in separatist support became clear when the security services began to outnumber the crowd at MIS rallies. Increasingly desperate and all too late, the MIS leadership began to issue shrill calls for revolution and even Allied military intervention.[864]

As early as late April 1945, the Separatist headquarters in Palermo was ransacked by an angry mob, possibly with the connivance of the authorities.[865] Attacks on separatist supporters and offices followed in other cities, and the MIS quickly shut down those that remained operational. With the political currency and utility of the MIS collapsing, mafia leaders with separatist links began looking for other potential conservative allies, including monarchists.[866] There is some evidence that both Poletti and Nicola Gentile – the mediator in the Castellammarese War – may have been involved in these negotiations.[867]

As MIS' political strategy fell apart, it turned in desperation to the military option. The MIS leadership had been quietly building a clandestine paramilitary wing, the *Esercito Volontario per l'Indipendenza Siciliana* (EVIS) since 1943, under the guise of the separatist Youth League.[868] EVIS was led by Antonio Canepa, a wartime partisan leader. Canepa managed to build a network of informants within Italian state structures, develop a staff structure and detailed military planning, but MIS could provide no support base from which to recruit.[869] Aldisio told the Allies:

> If I were to say EVIS does not exist I would be guilty of exaggeration, but I should not be far from the truth. There is certainly a central headquarters and a general staff of EVIS, but it is a general staff whose army is more on paper than in the field.

By late 1945 the movement had 'six or seven thousand deluded supporters',

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[863] Finkelstein, pp. 127-128 ,137-138.
[864] *Ibid.*, pp. 150-153, 157-159.
[865] See Newark, *Mafia Allies*, pp. 253-254; Finkelstein, pp. 153-154;
[866] OSS, Italian Division, 'Monarchy Seeks Support of Separatist Movement', 3 May 1945, BNA, WO 204/12618; Extract from Security Intelligence Summary No. 22, October 1945, 6 November 1945, BNA, WO 204/12617; Nester to Secretary of State, 'Possible Fusion'; Finkelstein, pp. 158-160.
[867] Newark, *Mafia Allies*, pp. 255, 262-263.
[868] Finkelstein, pp. 141-142.
[869] Nester to Secretary of State, 'Raid on Separatist Ammunition Dump', 13 June 1945, NARA, RG 59, 865.00/6-1345; Finkelstein, p. 163.

but no real fighting force.[870] So Canepa was forced to try to co-opt coercive capabilities from other sources: mafia bands, former partisans and prisoners of war, unemployed rural workers and common criminals.[871] By mid-1945 the power vacuum in the Sicilian hinterland had led a variety of war veterans, unemployed labourers and toughs to form '[a]rmed bands, in full "war" equipment, with arms, ammunition, supplies, logistic and medical services' roaming Sicily's interior, staging train robberies and shooting at police.[872] Reprising its role from the 1860s, the mafia emerged as a mechanism for governing this private violence. EVIS now looked to the mafia to help it recruit some of these violent enterprises into its ranks.

A typical example was the mafia's approach to Salvatore Giuliano, a charismatic young bandit, born in Montelepre, a hill town between Palermo and Castellammare del Golfo. He was twenty-one when the Allies invaded. Despite no prior criminal history, the deprivations of the era drew him into the black market as a survival strategy. Arrested, he shot a *caribiniero*, made his escape, then killed another to escape a dragnet in Montelepre. After breaking some friends out of prison, he formed a bandit gang in the hills above his hometown. Through extortion and kidnapping of wealthy landowners, rural companies and urban businessmen, Giuliano was able to build a small force of 20-30 committed bandits, supplemented by part-timers who would participate in specific operations for a commission. Farmers, shepherds and peasants were paid handsomely for information, supplies, and transport from the proceeds of robberies outside the area.[873] Giuliano had became a celebrity, partly out of a reputation for violence – his band killed some 430 people in seven years – but partly because he had taken on the air of a social bandit, directing much of his violence at traditional objects of hostility of the peasantry, notably landowners, loan-sharks and, later, urban industrialists.[874]

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[870] Rome to Foreign Office, 10 October 1945, BNA, FO 371/49767. See also Kirk to Secretary of State, 3 October 1945, FBI, 109-12-233-111.
[871] Lt. D. M. Jacobs, 'Present Political Situation in Sicily', 6 February 1946, BNA, WO 204/12617.
[872] Watkins, 'The Situation in Sicily', 6 September 1945, BNA, FO 371/49767, p. 3; US Naval Intelligence, Palermo, Report, 15 February 1946, BNA, WO 204/12618.
[873] Sir Victor Mallett, 'Giuliano and Sicilian Banditry', Memorandum, British Embassy in Rome to Foreign office, 7 October 1949, BNA, FO 371/79312; Counter Intelligence Corps, Memorandum, 'Present Political Situation in Sicily', 15 July 1946, BNA, WO 204/12617; Chandler, pp. 5-16; Dickie, *Cosa Nostra*, pp. 209-211; Pantaleone, p. 135.
[874] Hobsbawm, *Primitive Rebels*, pp. 4, 16, 17; Hobsbawm, *Bandits*, p. 43.

Sometime in late 1943 or early 1944 the mafia recruited Giuliano.[875] Canepa also tried to recruit Giuliano into EVIS' ranks, without luck. However, after Canepa was killed in June 1945, his successor, Concerto Gallo was more successful. This was perhaps unsurprising: Gallo was not just EVIS' leader, but also apparently a made member of the Catania mafia *cosca*. In September 1945 Giuliano issued a declaration of support for EVIS, apparently in return for promises of future immunity from prosecution for his band, the rank of colonel in a future Sicilian army, and 1 million lire with which to recruit, train and equip 40 to 60 more men.[876]

EVIS' acquisition of Giuliano's coercive capabilities seemed promising. Giuliano's band was by then operating almost at will in the areas around Palermo, raiding, attacking police and military sites and convoys and kidnapping wealthy figures for ransom. But EVIS was dependent on the mafia for its access to these capabilities. It was the mafia that was, in Eric Hobsbawm's words, using bandits as the 'nucleus of effective political rebellion';[877] it was not the rebels that were using the mafia to their own ends. The pattern was demonstrated in early 1945 when a captured EVIS rebel informed the authorities that he had been personally recruited to EVIS by Don Calò. His captors, unaware of the state's efforts to reach an accommodation with the mafia, rashly threatened to arrest Don Calò. US military intelligence reported that as a result

> the Maffia has threatened to order active participation by the Sicilian Maffia on the side of EVIS and the outlaw bands. Because of their known power, this would mean real civil war in Sicily.[878]

Alarmed, High Commissioner Aldisio intervened, negotiating a 'compromise' whereby Vizzini left Palermo without being arrested.[879] The mafia, it seemed, was calling the shots.

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[875] OSS, 'Mafia Activities in Montelepre, Sicily', 2 January 1944, NARA, RG 165, Entry 77, Box 1903, File 2700; Dickie, *Cosa Nostra*, p. 211.
[876] Manley, 'Report'; Sir Victor Mallett, 'Giuliano and Sicilian Banditry', Memorandum, British Embassy in Rome to Foreign office, 7 October 1949, BNA, FO 371/79312, p. 2; Finkelstein, pp. 164-172; Pantaleone, p. 182; Dickie, CN, p. 211; Arlacchi, *Men of Dishonor*, p. 46; Billy Jaynes Chandler, *King of the Mountain: The Life and Death of Giuliano the Bandit* (DeKalb: Northern Illinois University Press, 1988), pp. 48-57.
[877] Hobsbawm, *Bandits*, pp. 40, 89. See also Blok, *The Mafia of a Sicilian Village*, pp. 99-102; Anton Blok, 'The Peasant and the Brigand: Social Banditry Reconsidered', in *Comparative Studies in Society and History*, 14 (1972), pp. 495-504; and Eric J. Hobsbawm, 'Social bandits, A Comment', in *ibid.* pp. 504-507.
[878] Counter Intelligence Corps, Naples Detachment, Memorandum, 'Sicilian Political Situation', 4 February 1945, BNA, WO 204/12619.
[879] Newark, *Mafia Allies*, p. 264.

Settlement and betrayal

In October 1945 the Christian Democrats came out firmly in favour of Sicilian regional autonomy. Confident of mafia support, the Italian authorities now moved decisively against MIS, exiling its leaders to administrative detention on an offshore island and shutting down the party's offices across Sicily.[880] The MIS had failed to find a sustainable source of political support, whether from popular legitimacy, protection by a Great Power – or protection by the mafia. When the MIS leadership was arrested, the mafia did not intervene.

Instead, at a meeting in Palermo on 21 November 1945, mafia leaders from Palermo, Trapani and Agrigento met to chart a new way forward. Henceforth the mafia would aim to influence or control a variety of political parties, most notably the Christian Democrats. Having secured Sicilian autonomy within the Italian political system, and with influence over the emerging leaders of an autonomous Sicily, the mafia was abandoning its strategy of constitutional separatism, and returning to its traditional mafia strategy, interposing itself between the state and the local population. The decision was ratified a week later by a larger group of 47 mafia leaders from across the island. The American consul, informed of these developments, suggested this new mafia group with its ties to the Christian Democrats might provide 'the foundation of the strongest political force which has yet existed in Sicily'.[881]

Mafia leaders told OSS that they were abandoning EVIS, and would 'work and cooperate with the authorities to maintain tranquillity throughout the island.'[882] At the same time, however, they lobbied the Italian authorities to 'allow these misdirected EVISsts to disband and return to their homes'. They added a guarantee: should remnants of EVIS remain active, however, 'the Mafia themselves would quickly liquidate' them.[883] Soon the police began to find bandit leaders dead, cause

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[880] Finkelstein, pp. 169-174; Newark, *Mafia Allies*, pp. 258-259.
[881] Nester to Kirk, 23 November 1945, NARA, RG 59, 865.00/11-2345; Nester to Kirk, 5 December 1945, NARA, RG 59, 865.00/12-545; Italian Parliamentary Commission of Inquiry, *Relazione sui rapporti tra mafia e banditismo in Sicilia*, Legislature V, Doc. xxiii, n. 2 (Rome: Senate Printing Press, 1972), p. 110.
[882] Nester to Kirk, 12 January 1946, NARA, RG 59, 865.00/1-1246.
[883] Special Agent Gabriel B. Celetta and Special Agent Saverio Forte to US Army CIC Naples Detachment, 'Sicilian Separatist Disturbances', 29 January 1946, British BNA, WO 204/12617.

unknown; and tip-offs from the population increased dramatically.[884]

In late December 1945, EVIS' leader, Concerto Gallo, was captured. Other separatist bands such as the one led by Salvatore Giuliano fought on. Concerned about the state's possible use of air power, Giuliano attacked Bocca di Falco airfield, just outside the Palermo city centre, as well as several Carabinieri bases.[885] In early 1946 the Italian government sent nearly 1,000 battle-hardened Garibaldi Regiment troops, equipped with armoured cars, to try to finish off the remnants of EVIS. The force indeed included reconnaissance aircraft and four bombers, and had the power to declare martial law in specified operational theatres, such as around Montelepre, Giuliano's home base. Within two weeks, 600 suspected bandits had been captured, along with 2 anti-tank guns, machine guns, rifles, grenades and other battlefield weaponry.[886]

EVIS had been broken as a military force, and the separatist threat had been seen off. In March 1946 the Italian government released the separatist political leaders it had detained. In May, it devolved significant additional power to the High Commissioner and established a new 24-member regional assembly for Sicily. Outmanoeuvred, the separatists fared poorly in the 2 June parliamentary elections, collecting just 8.7 per cent of the vote and taking only four of 49 Sicilian seats in the new Parliament in Rome.[887] They were a spent force. The mafia was not.

Nor was Salvatore Giuliano. In 1949 the British representative in Rome, Sir Victor Mallett, assessed Giuliano as an expert in 'estimating the amount which he can reasonably demand as a ransom and gauging the strength of his terror.'[888] He was, in other words, tactically astute in the use of force. But he could not marry that tactical nous to an effective political strategy. He had cultivated an image of himself as protector of the under-dog, carrying a photo of himself inscribed 'Robin Hood'.[889] By rebranding his band as a part of EVIS' apparatus he seemed to be

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[884] Dickie, *Cosa Nostra*, p. 211; Catanzaro, p. 123; *Relazione sui rapporti tra mafia e banditismo in Sicilia*, pp. 56-57.
[885] Finkelstein, pp. 179-181
[886] US Army, 'Daily Digest of World Broadcasts and Radio Telegraph Service', 14 February 1946, BNA, WO 204/12619; AFHQ, 'Report', 27 February 1946, BNA, WO 204/12619; Newark, *Mafia Allies*, p. 264.
[887] Chandler, pp. 65-68; Newark, *Mafia Allies*, pp. 266-267; Finkelstein, pp. 186-188.
[888] Mallett, 'Giuliano and Sicilian banditry'.
[889] *Ibid.*, p. 98. On this theme, see also Eric J. Hobsbawm, 'Robin Hoodo', *N.Y. Review of Books*, 14 February 1985.

positioning himself in the political marketplace. But this manoeuvring also made him dependent on mafia and separatist protection. His failure to develop an effective strategy giving himself an independent source of governmental power beyond his own immediate theatre of operations left him highly vulnerable, should the mafia or EVIS disappear or, worse, betray him.

Through the course of 1946 and 1947, while continuing his notionally-separatist guerrilla operations, Giuliano put out feelers to both monarchists and Christian Democrats, announcing himself as a potential ally in the looming struggle with communism.[890] Unsuccessful there, Giuliano turned to foreign state sponsors for protection, writing directly to President Truman, indicating his intention to 'annihilate' Communism in Sicily and offering his services as a military asset, even suggesting the admission of Sicily as the forty-ninth state of the American Union.[891]

Giuliano's blunder came on May Day 1947, when he attacked a peaceful communist rally at Portella della Ginestra. Eleven people died, four of them children. Thirty-three others were wounded. And that was just the beginning. Attempting to position himself as a political enforcer for the right, over the next two months he attacked numerous leftist rallies, peasant unions and collectivist headquarters. Several times he tried to assassinate the leader of the Communist Party in Sicily, Girolamo Li Causi. A press release on 24 June 1947 made his intentions clear, calling on Sicilians to 'fight' the 'Red gangsters'.[892]

Giuliano's sudden turn to terrorism alienated the population beyond his home district, destroyed his prospects of building a post-war political career at the regional or national level, and undermined his foreign public support. Both the British and Americans concluded that Giuliano had been duped by right-wing political patrons, probably including the mafia, who had promised him 'immunity' and perhaps some kind of formal political role.[893] He was being used as a vanguard

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[890] Pantaleone, p. 108; see generally Hobsbawm, *Primitive Rebels*, p. 23.
[891] Finkelstein, p. 182.
[892] 'Sicilian Gangster opens war on Reds', *N.Y. Times*, 24 June 1947, p. 14; Watkins, 'Outstanding Events and Anti-Communist Reaction – Sicily', 5 July 1947, BNA, FO 371/67786, pp. 2-3; Dickie, *Cosa Nostra*, p. 212; Chandler, pp. 86, 90-91, 100-105; Pantaleone, pp. 133-134.
[893] 'Sicilian Gangster'; Mallett, p. 2; Watkins, p. 3; Palermo to Secretary of State, 4 May 1947, NARA, RG 59, 865.00/5-447; Chandler, pp. 82-105, 129-134; Dickie Cosa Nostra, p. 212; Finkelstein, p. 181.

force in a domestic political battle with the Communists.[894]

When Giuliano's patrons did not deliver on their promises, and the realization that he was being used dawned upon him, he apparently turned on them, renewing his attacks on the state. In 1948, several senior Sicilian Christian Democrats were assassinated. In July 1949, Giuliano's men ambushed a police patrol, killing five officers. For some in the mafia, Giuliano was now becoming more than a nuisance: he was endangering their own relationship with the DC in Palermo and Rome, and the settlement they had brokered. On a tour to Sicily in 1948, the British Ambassador found the Sicilian elite 'shamefaced and reticent' about the 'renewal of brigandage'.[895] The mafia decided to deal with the problem.

Mafiosi began collaborating with a new 1,500-strong paramilitary force established by Rome, the *Comando Forze Repressione Banditismo* (CFRB, Command Force for the Repression of Banditry). The CFRB occupied Montelepre, imposed a curfew and rounded up anyone suspected of harbouring Giuliano's men. It stayed for almost a year, conducting counter-insurgency style operations against Giuliano.[896] With the mafia's help, the CFRB slowly unravelled Giuliano's network. One of his units disappeared; eight charred corpses were found soon after. Giuliano supporters across western Sicily turned up dead, reported as killed with clashes in police, but with signs they had been killed elsewhere and their bodies dumped. Some disappeared completely.[897] Giuliano fled 80 kilometres south into the protection of a mafia *cosca* around Castelvetrano. He may have had hopes of being smuggled to Tunis and then on, perhaps to America.[898] His body was found in a courtyard in Castelvetrano in July 1950, apparently betrayed by his right-hand man, Gaspare Pisciotta, on orders from the mafia. Pisciotta himself was murdered by strychnine poisoning in a Palermo prison in 1954 – apparently by the mafia.[899]

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[894] Newark, *Mafia Allies*, p. 278; Pantaleone, p. 137
[895] Sir Victor Mallett to Rt. Hon. Ernest Bevin, 30 March 1948, BNA, FO 371/73205B.
[896] Mallett, p. 3; Pantaleone, p. 147; Chandler, pp. 141-149
[897] Chandler, pp. 169-171; Pantaleone, pp. 130-132; Dickie, *Cosa Nostra*, p. 213.
[898] Chandler, pp. 173-193; Pantaleone pp. 142-146.
[899] Chandler, pp. 188-199, 208-210; Pantaleone, pp. 148-156; Newark, *Mafia Allies*, pp. 281-282; Dickie, *Cosa Nostra*, pp. 214-216; FBI, *Mafia Monograph*, I, p. 84.

Negotiating Sicily's transition

A Sicilian political machine

As the open hostilities of the Second World War transitioned in 1947 to the Cold War with the Soviet Union, Sicily emerged as an important proxy battleground. An October 1947 report from the CIA (successor to the OSS) stated

> It is of vital strategic importance to prevent Italy from falling under Communist control… Militarily, the availability to the USSR of bases in Sicily and southern Italy would pose a direct threat to the security of communications throughout the Mediterranean.[900]

In the Italian national elections of April 1948, the Christian Democrats emerged as the dominant political force in northern Italy, and garnered 48.5 per cent of the vote nation-wide. But the Communists, with their programme of land reform and economic transformation, continued to do well in impoverished Sicily. For both the mafia and the Christian Democrats, cooperation against the Communists made sense.[901] The mafia gave the DC instant social reach and electoral power where it most needed it. An April 1948 conclave of mafia bosses threw its weight behind the DC, and it was in mafia-controlled districts that the DC's Sicilian vote was highest in that month's national elections.[902]

The mafia was not, however, content to cooperate with the DC through an arm's length alliance. Instead, it turned to the same 'branch-stacking' techniques that the Anastasia brothers had used in Brooklyn.[903] Giuseppe Alessi, one of the founders of the Christian Democrat Party in Sicily, recalled the leadership's acquiescence in this mafia colonization:

> The Communists use similar kinds of violence against us, preventing us from carrying out public rallies. We need the protection of strong men to stop the violence of the Communists… [so] the 'group' [i.e. the Mafia] entered *en masse* and took over the party.[904]

The hyper-local nature of the DC's political organization, similar to the model used by Tammany in New York, worked well for the mafia. As John Dickie has explained, DC faction leaders

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[900] CIA, 'The Current Situation in Italy', 10 October 1947, quoted in Newark, *Lucky Luciano*, p. 202.
[901] Pantaleone, p. 109; Stille, p. 19.
[902] Pantaleone, p. 198.
[903] *Ibid.*, pp. 195-197; Catanzaro, p. 180.
[904] Stille, p. 19.

> could offer exactly the kind of personal relationships that *mafiosi* preferred. The exchanges between politicians and criminals that had become so difficult under Fascism could at last be restored: one hand washes the other, as the Sicilian saying goes.[905]

The DC's political networks and structures offered the Sicilian mafia a formalized patronage apparatus within which the mafia could hide its informal power and system of corrupt exchange, much as the American Mob had hidden within Tammany structures in New York. Better still, that apparatus connected directly to the corridors of power in Rome. This was crucial, not so much for *enlarging* the mafia's power over criminal rents as for simply *keeping it.* The Sicilian political economy was changing. Sicily was becoming more than ever integrated into the Italian, European and global markets. The DC-dominated government in Rome favoured liberal internationalism, and Italy's post-war recovery was to be tied, through exports, to the recovery of broader Western consumption. The primary industry supply-chains out of which the mafia's power traditionally grew were being forced to contend with external competition. If the mafia wanted to maintain power it needed to control the institutions in Palermo and Rome that would regulate these supply-chains, and allocate the new public spending directed to Sicily in compensation for the disruption caused by this economic transition.[906]

The post-War structural transformation of the Sicilian economy generated rapid movement of labour from the countryside to the cities, where the state became a source of economic subsidy and welfare. At the same time, this labour market transformation created significant pressure for the finalization of the century-long process of land reform, transforming the agricultural labour-force from the objects of patronage to active political subjects. The pre-War system of rule – in which Rome had relied on the landowning class to control the rural population, through collaboration with the mafia – was no longer viable, and no longer offered the mafia a reliable political power-base. Instead, the mafia looked to the mass party organization of the DC as a means to control public patronage and continued governmental power.[907]

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[905] Dickie, *Cosa Nostra*, p. 203.
[906] *Ibid.*, p. 204.
[907] Compare Catanzaro, pp. 133-135.

Having penetrated the DC, the mafia targeted Sicily's land reform process. In 1950 a leftist-dominated Sicilian Regional Assembly initiated the sale of 500,000 hectares of land.[908] Oversight of land redistribution was handed to local land 'boards', parastatal organizations that became patronage engines for local DC politicians – with mafiosi right behind them.[909] The land redistribution scheme expanded mafia capital, giving mafiosi formal title and hidden beneficial ownership over significant land tracts. But it also amplified the mafia's power in a range of civil society institutions with traditional ties to the land, such as the *Coldiretti* (Farmers' Association), banks, and the Church.[910] Each expansion of the circle of mafia influence also helped to move mafia power beyond the DC to other political parties; at election time, like many modern corporations, the mafia would provide some support to several parties, often of quite different ideological hues, as a hedging strategy.[911] By the early 1950s, mafia networks fanned out beyond the DC, so that 'direct participation in the mafia' by the 'elite corps of postwar Sicilian politicians' was likely 'widespread'.[912]

Structural transformation in Sicily's economy also changed the geography of mafia power, shifting its centre of gravity from the countryside to the urban centres, especially Palermo. Mafia power followed the money: the portion of the Sicilian workforce involved in agriculture dropped by roughly 20 per cent in the 1950s, while the portion involved in construction grew by roughly 25 per cent. Sicily was becoming increasingly reliant on public spending; it reached 70 per cent of Sicilian GDP by the 1990s. The portion of the workforce employed by the state grew dramatically, in turn fuelling political patronage – not just in formal municipal institutions, but also in those civil society institutions dependent on state funding: hospitals, educational institutions, cultural bodies and, increasingly, development finance institutions. 'Mafioso practices' were spreading throughout the Sicilian political economy.[913]

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[908] Lupo, pp. 194-195
[909] Dickie, *Cosa Nostra*, p. 204; Catanzaro, p. 27, 128; Blok, *The Mafia*, pp. 77-81; Hobsbawm, *Primitive Rebels*, pp. 48-49.
[910] Pantaleone, pp. 167-169.
[911] Pantaleone, pp. 200-201.
[912] Arlacchi, *Men of Dishonor*, p. 9.
[913] René Seindal, *Mafia, Money and Politics in Sicily 1950-1997* (Copenhagen: Museum Tusculanum Press, 1998), pp. 9, 29-32, 40-43, 74-76; Catanzaro, pp. 138-139; Stille, p. 11;

Wisdom of the Mob

Sicily's economic transition stimulated innovation. The transformation of established markets and the emergence of new ones – particularly in its rapidly-growing urban centres – provided the opportunity to capture new rents. This quickly exposed differences between mafia *cosche*. One major division that emerged was between the more traditionalist, rural *cosche*, and the port-based *cosche* who had worked more closely with American Mobsters during the AMG occupation to control the import-export sector. A surprising number of Mob figures from the American east coast were active in southern Italy at the time, including both fugitives from justice (such as Genovese and Gentile), and deportees (including Luciano and, later, Adonis).[914]

The American policy of deporting aliens with US criminal records served to export American organizational know-how and social networks to Sicily, just as it has in Central America in the last two decades, turning Californian Hispanic prison gangs into the transnational criminal systems called *maras*. The deported Mobsters appear to have worked with their host – in many cases, ancestral – *cosche* in Sicily to develop smuggling activities, first in tobacco, and then in heroin. In conflict-affected southern Italy, cigarettes had become a second currency. Sicilian mafiosi and American Mobsters developed an increasingly governmental role in the black market in cigarettes, financing inventory purchases, offering security during transit and resolving disputes.[915] The American Mobsters convinced the Sicilians to adopt the syndication system they had developed during Prohibition: instead of organizing their own supply lines, the *cosche* collaborated, allocating equity in co-shipments, pooling risk and increasing volume. Steadily these smuggling networks consolidated and diversified into Turkish, Syrian and Lebanese heroin. Through the

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Pantaleone, p. 169; Italian Parliamentary Commission of Inquiry into the Mafia phenomenon in Sicily, *Relazione "mafia ed enti locali"* (Relazioni Alessi), Legislature VI, Doc. xxxiii, no. 2 (Rome: Senate Printing Press, 1976), pp. 1202-1203.

[914] See Pantaleone, p. 169; Gambetta, p. 234; Hobsbawm, *Primitive Rebels*, p. 48; Dickie, *Mafia Republic*, p. 139; Italian Parliamentary Commission of Inquiry into the Mafia phenomenon in Sicily, *Documentazione allegata alla Relazione conclusiva*, VII-IX legislature, (Rome: Senate Printing Press, 1985) pp. 74, 78, 622, 999. On Luciano, see CIC, Naples Detachment, 'Lucania, Salvatore (aka Charles "Lucky" Luciano)', 13 August 1946, FBI, 39-2141-62; and Eduardo Saénz Rovner, *The Cuban Connection: Drug Trafficking, Smuggling, and Gambling in Cuba from the 1920s to the Revolution* (Chapel Hill NC: University of North Carolina Press, 2008), pp. 70-73. On Adonis, Catanzaro, p. 194.

[915] Gambetta, pp. 229-231.

course of the 1950s, the Sicilian mafia's ties to the Mob, and the steady stream of Sicilian agricultural exports to the US – olive oil, oranges, pasta – gave it a cost advantage over the other major global drug smuggling entrepôt, Marseilles.[916] The risks involved, the potential profit, and the need for organizational unity in order to deal with foreign partners (notably the Mob) all slowly pushed the mafia towards organizational consolidation.[917]

The growth of the smuggling industry also, however, created tensions between the different *cosche*, which intersected with those arising from the physical transformation of Sicily's urban centres. Two types of sites emerged as key rent-extraction and governance nodes, or what Mexican cartels call '*plazas*': urban markets and harbour ports. When the Palermo food market was transferred in 1956 from its established site, controlled by traditionalist hinterland *cosche*, to a new site closer to the harbour – where it would likely be controlled by the export-oriented urban *cosche* – open violence broke out within the mafia.[918]

In mid-October 1957, an extraordinary summit was called at the Grand Hotel et Des Palmes, an opulent belle époque hotel near the Palermo waterfront. 27 top American Mob and Sicilian mafia leaders met over several days in the *Sala Wagner*, named because the composer had orchestrated his last opera, *Parsifal*, there.[919] The summit, chaired by Lucky Luciano, aimed to sort out the mess created by the shifting balance of power within the Sicilian mafia. Whatever else was agreed at that meeting, it is clear from the testimony of one of the Sicilian leaders present that one major piece of strategic advice was taken on board from Joe Bonanno, an American Mob Commission member born in Castellammare del Golfo. Many of the Sicilian mafiosi at the Summit also hailed from Castellammare. Bonanno advised the Sicilians to copy Luciano's organizational innovations of a quarter-century earlier and adopt a 'Commission' structure to govern the Sicilian mafia. It was a clear message: if you want to continue to do business with us in America, and grow the profits of transatlantic drug trafficking, you need to get your

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[916] Pantaleone, pp. 183-189.
[917] Catanzaro, p. 201; Pantaleone, pp. 169-170.
[918] Pantaleone, pp. 170-179; Catanzaro, pp. 153-155; Gambetta, p. 207; FBI, *Mafia Monograph*, I, pp. 87, 91.
[919] See Edward Lockspeiser, 'The Renoir Portraits of Wagner', *Music & Letters* , vol. 18, no. 1 (January 1937), pp. 14-19.

house in order. Soon afterwards, the Sicilian '*Cupola*' system was born.[920]

Like the Commission, the Cupola was not a system of unitary control, but rather a system for regulating relations between 'sovereign' *cosche* that had previously operated as 'a mosaic of small republics with topographical borders marked by tradition'.[921] Like the Commission, the Cupola was not intended to centralize power, but rather to *regularize* it: the aim 'was to apply overall rules that gave more freedom to individual mafiosi'.[922] As one Cosa Nostra *pentito* involved with leadership decisions at the time, Tommaso Buscetta, put it, the Commission was 'an instrument of moderation and internal peace… a good way of reducing the fear and risks that all mafiosi run'.[923] And like the Commission, the Cupola became the central political forum for the Sicilian mafia, with collective enforcement powers: it placed several *cosche* under trusteeship, removed and replaced *capi* for misconduct, and even disbanded troublesome *cosche*.[924] Dickie concludes that it was not 'a board of directors'; it was more 'a creature of politics … than business'.[925]

The Sack of Palermo

As with New York's mafia Commission, however, the creation of the Sicilian Cupola seems also to have served to facilitate coordinated interaction between the mafia and upperworld political actors, particularly in Palermo.[926] Starting around 1958, the DC and mafia worked together to organize and deliver a decades-long construction boom that obliterated the city's *Conca d'Oro* green belt, replaced its historical belle époque villas with shoddy and frequently unsafe apartment buildings,

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[920] Tommaso Buscetta's account is in Arlacchi, *Addio Cosa Nostra*, pp. 60-63. See also Italian Parliamentary Commission of Inquiry into the Mafia phenomenon in Sicily, *Relazione sul traffico mafioso di tabacchi e stupeficanti e sui rapport tra mafia e gangsterismo italo-americano* (Relazione Zuccala), Legislature VI, Doc. xxiii, n. 2 (Rome: Senate Printing Press, 1976), allegato n. 1, p. 479; 'Police in Sicily Say U.S. Mafia Attended '57 Parley', *N.Y. Times*, 2 January 1968, p. 29; McClellan Hearings, 10-16 October 1963, p. 777; Dickie, *Mafia Republic*, pp. 134-135; Dickie, *Cosa Nostra*, pp. 234-235; Gambetta, pp. 110-112; Catanzaro, p. 194; Claire Sterling, *Octopus: The Long Reach of the International Sicilian Mafia* (New York: Touchstone, 1990), pp. 83-96; and Enzo Biagi, *Il Boss è solo: Buscetta, la vera storia d'un vero padrino* (Milan: Arnaldo Mondadori, 1986), pp. 147-154.
[921] Gambetta, pp. 110, 245-246; Catanzaro, p. 202.
[922] Dickie, *Cosa Nostra*, p. 238.
[923] Quoted in *ibid.*, p. 237
[924] Gambetta, pp. 115-116.
[925] Dickie, *Cosa Nostra*, p. 237
[926] FBI, *Mafia Monograph*, pp. xx-xi.

and condemned hundreds of thousands to live in poorly planned and serviced housing commissions. This was the *scempio*, or 'sack', of Palermo.[927]

The years between 1957 and 1963 were the high-point of the housing boom, with the focus in the 1970s and 1980s shifting to infrastructure. The pattern was similar to the system used by Boss Tweed at the high-point (or low-point) of Tammany rule in New York in the 1860s: a municipal council passing zoning regulations and granting development contracts, and compliant legislative and executive officials giving mafia figures inside information to allow them to capture windfall rents.[928] Historic buildings were torn down the night before new zoning laws would come into effect. Parks were cemented over. Historic and beautiful central Palermo was obliterated. By the 1990s Sicily had the highest *per capita* cement consumption rate in the world.[929]

The central DC figures were Salvatore Lima, Mayor of Palermo (1958-1963 and 1965-1968), and Vito Ciancimino, assessor of public works. Both worked closely with mafia construction entrepreneurs such as Francesco Vassallo, Angelo La Barbera and Tommaso Buscetta. As Judith Chubb has explained, by centralizing licensing authority, Lima changed episodic favouritism

> undertaken without any broader strategic vision and limited to a restricted social elite, into a comprehensive strategy of urban expansion and DC power, managed directly from key posts of power within the city administration.[930]

This new system tied together DC operators, legitimate business actors, mafia figures (as brokers of capital and labour) and legitimate banks into corporate networks designed to hide the beneficial ownership of politicians and the involvement of mafia figures.[931] In Lima's first five years in power over 4,000 building licenses were granted – 60 per cent to three pensioners who had no

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[927] See generally Jane T. Schneider and Peter T. Schneider, *Reversible Destiny: Mafia, Anti-Mafia, and the Struggle for Palermo* (Berkeley: University of California Press, 2003); Judith Chubb, *Patronage, Power and Poverty in Southern Italy* (Cambridge: Cambridge University Press, 1982); and Stille, pp. 21-22.

[928] See 'Testimony', Annexed to New York City Board of Aldermen, *Report of the Special Committee of the Board of Aldermen appointed to investigate the "Ring" frauds: together with the testimony elicited during the investigation* (New York: Martin Brown, 1878). And see Kenneth D. Ackerman, *Boss Tweed: The Rise and Fall of the Corrupt Pol Who Conceived the Soul of Modern New York* (New York: Carroll & Graf, 2005).

[929] See Seindal, pp. 9, 29-32, 74-76; Stille, p. 11.

[930] Judith Chubb, p. 133; see also Dickie, *Mafia Republic*, pp. 111-116; Catanzaro, pp. 150-151.

[931] Catanzaro, p. 151.

background in construction but made convenient fronts for hidden beneficiaries. Both the mafia and DC, like Tweed and Tammany, were able to use the resulting jobs and spending as a source of patronage underwriting continuing popular support.[932]

This was a strategic departure for the Sicilian mafia. Its traditional relationship to political power had been based on arms-length exchange, the essence of a mafia strategy. Now, its brokering power was increasingly entwined with a political organization – the DC – in the collaborative management of the state to extract private rents from public spending. This moved it away from a traditional mafia strategy, towards something closer to a joint venture in which state capabilities were turned to the maximization of criminal rents, and criminal capabilities were used by the state to govern. For decades, Palermitans, Sicilians and other Italians endured this system. The state's economic investment in southern Italy helped to create a consumer market for internal exports from the north. The outsize and negative influence of the mafia, Camorra and 'Ndrangheta within the DC was clear, but the alternative – ceding electoral ground to the political left – was not palatable, either to Italy's establishment, or her western friends and patrons.[933] Only with the fall of the Soviet Union, and the removal of the communist threat, would that strategic logic change.

Conclusion

The mafia's return to a governmental role in Sicily after World War Two was not inevitable. It was the result of deliberate neglect by the Allies and active accommodation by the Italian Christian Democrats. But it was also the result of canny strategic manoeuvring by mafia leaders, finding and creating leverage through the shifting circumstances of the end-of-war black market, post-war political settlement process, and Sicily's subsequent economic transformation. The mafia proved capable of coordinated adjustment both to its internal organization – as demonstrated by the adoption of the Cupola system – and to its external

[932] Chubb, pp. 104-106; Seindal, pp. 82-88; Dickie, *Mafia Republic*, pp. 111-116; Catanzaro, pp. 151-155.
[933] Dickie, *Cosa Nostra*, pp. 227-228.

positioning relative to governmental rivals – working with the AMG, threatening separatism, drawing back to a more traditional brokering role, and then developing a joint venture with Lima and the Sicilian DC to use the institutions of Palermo's municipal governance to expand criminal rents.

The Sicilian mafia's strategic trajectory during this period has something in common with the evolution of American mafia power during and after Prohibition. World War Two and Prohibition both broke down the mental barriers to mass participation in criminal activity, enlarging the ranks of an underworld governed by local gangs and mafia entrepreneurs. In the 1930s, the American Mob leveraged this power into influence over Tammany upperworld power networks; in post-War Sicily, the mafia leveraged its governmental power in the black market into influence over the AMG and post-War political parties, notably the Christian Democrats. These similarities may be more than an accident: the chapter points to the involvement of some key American Mob actors in both processes – Genovese, Adonis, Profaci, Bonanno, Luciano.

But there was also one profound difference in the strategic environments involved in these episodes. In New York, the political settlement within the upperworld was never in question as the Mob was emergeing (only later, when the fascist powers declared war). In Sicily, it was in flux just as the mafia was seeking to re-emerge; monarchists, republicans, communists, separatists and unitarians all vied to shape the post-War political settlement. The Sicilian mafia proved adept at using this uncertainty to augment its own governmental power, first allying with separatists, then switching to a more traditional brokering role once Sicilian autonomy had been assured. This shift might be mistaken for evidence that the Sicilian mafia did not have a political strategy. In fact it did; what it lacked was a rigid political *ideology*. The mafia's political objective remained constant throughout: the maximization of its governmental power in order to control criminal rents. What changed, as the strategic environment altered, was its preferred *way* to achieve this goal.

The mafia's return to power was also, however, the result of mafia choices – and not just its opponents' failures. This is made clear by the failure of Salvatore Giuliano, another leader who tried and failed to develop criminal activity into a governmental role. Giuliano met the social bandit's 'standard end' as identified by

Hobsbawm: betrayal by more powerful actors, brought on by making 'too much of a nuisance of himself'.[934] (Lima ultimately met the same fate, assassinated by the mafia in 1992 for his failure to protect the mafia from judicial investigation.) Giuliano proved too recklessly violent for mainstream politics, and far too visible for his band to take on a hidden role in Sicily's government. He might have found more success as a local politician in Montelepre. But he failed both to develop his roving paramilitary band into a stationary governing force, or to renounce violence and switch tracks to parliamentary politics. Instead his strategy suggested an increasingly desperate search for political relevance and protection, zigzagging between seeking alliance with the mafia and EVIS, then seeking foreign sponsorship by the US, and finally moving desperately to terrorism.[935] By the end he was, as Hobsbawm concluded, 'the plaything of political forces he did not understand'.[936]

Giuliano learned the hard way what the mafia already knew: that '[a]bove all', as Michele Pantaleone reflected, effective criminal strategy depends on 'connections in all levels of society'. As Dutch Schultz had learned the hard way in New York, if a criminal leader is 'isolated he cannot be strong'.[937] Salvatore Lima's Palermo joint venture with the mafia showed that, on the contrary, by embedding itself in the governmental institutions not just of the state, but also the economy – and society more broadly – a criminal group could become almost unassailable. But that approach required remaining patiently hidden, and fostering a criminal governmentality – *omertà* – to achieve that goal – not appearing in photoshoots in international magazines, as did Giuliano. Unlike Giuliano, the Sicilian mafia and the DC were meticulous in keeping their violence hidden. When in 1947 the *L'Ora* newspaper ran a series of mafia exposés, two bombs exploded in its printing department, terrorist attacks designed to intimidate the press back into silence. When, eleven years later, the same newspaper ran another such series, further bombings ensued.[938]

The silence of the state, under DC influence, was at least as important as the

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[934] Hobsbawm, *Primitive Rebels*, p. 14; *Bandits*, p. 51.
[935] Lupo, *History of the Mafia*, p. 191.
[936] Hobsbawm, *Primitive Rebels*, p. 27.
[937] Pantaleone, p. 34.
[938] Pantaleone, p. 229.

silence of the press in reinforcing the governmentality of *omertà*.[939] Leftists continued to agitate against the mafia in Rome, and, more riskily, in Sicily. But the official silence of state authorities spoke loudly. Ultimately, it was this silence, acquiesced in and perhaps actively supported by Italy's NATO partners, that institutionalized *omertà* and re-established the power of the mafia's criminal governmentality on the island.

[939] *Ibid.*, p. 201; Seindal, p. 86.

7. The Cuba Joint Venture, 1933-1958

'There's no such thing as a lucky gambler. There are just the winners and the losers. The winners are those who control the game.'
Meyer Lansky, before the Cuban Revolution[940]

'I crapped out.'
Meyer Lansky, after the Cuban Revolution[941]

The 1957 Palermo summit was not the first such seaside gathering of mafia top brass. At Christmas in 1946 a similar get-together of American mafia leaders occurred at the Hotel Nacional in Havana, Cuba, famously featuring Frank Sinatra as chief entertainer. Like the Palermo summit, the Havana summit was presided over by Lucky Luciano. Less than a year after his release and deportation from New York to Italy, and following a brief stay in Allied-occupied Palermo, Luciano had found his way to Havana, just 90 miles from Florida. He had come to lay claim to continuing leadership of the Mob and to receive tribute from the other Mob bosses. If he could not rule the Mob from inside the US, Havana offered a good substitute, not least because of the strong partnership that the Mob had, by 1946, forged with Cuba's ruling class. The summit was facilitated by Cuba's governing Auténtico party, which provided heightened security and intervened to expeditiously resolve a hotel labour dispute that threatened to disrupt proceedings.[942]

The Havana summit did not, however, have the results that Luciano was hoping for. Within months the US government had forced his deportation, again to Italy. But the Mob stayed on in Havana. Under the leadership of Meyer Lansky and a Floridian mafia *capo*, Santo Trafficante, Jr., its partnership with the Havana 'Palace Gang' led by the military strongman Fulgencio Batista flourished into a fully-fledged governmental joint venture. By the mid-1950s Cuba's economic development had, through combined state and Mob action, been reoriented to focus on maximizing rents, both licit and illicit, from tourism, gambling and drug trafficking.

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[940] Lacey, *Little Man*, p. 33; Ron Chepesiuk, *The Trafficantes: Godfathers from Tampa, Florida. The Mafia, CIA and the JFK Assassination* (Rock Hill SC: Strategic Media Books Inc., 2010), p. 23.
[941] *Ibid.*, p. 258.
[942] English, p. 32.

By 1958 the Mob and Batista thought themselves to be sitting pretty. Both had failed to recognise the corrosive impacts their scheme was having within their own organizations, and on their social legitimacy in Cuba. By early 1959, the Cuban 'joint venture' was in tatters: Batista had fled to Florida, and a rebel military force was in power in Havana, its attitude to the Mob seemingly hostile. That was ironic, given that US intelligence had warned in the 1940s that the man who now led the rebels 'may soon become a fully fledged gangster'. His name was Fidel Castro.[943]

This chapter explores the rise and fall of Fulgencio Batista between 1933 and 1958. This episode reveals the pursuit of criminal strategies by both local and foreign actors and provides new insight into both the triggers for and the military course of Castro's Cuban Revolution. Chapter 8 explores the Mob's reaction to the failure of its strategic partnership with Batista in Cuba. As in previous chapters, the analysis draws from a mixture of declassified government archival sources (mostly in the National Archives and Records Administration in College Park, Maryland), protagonists' memoires, and relevant secondary sources. While some of this material has been discussed by Jack Colhoun's excellent history, *Gangsterismo*, Colhoun's monograph focuses on Cuba's history, rather than the questions of criminal strategy explored here.[944] Eduardo Saénz Rovner's unique study of rarely-accessed Cuban archival material detailing criminal activities during the period, *The Cuban Connection*, has also proved uniquely valuable as a means to triangulate and corroborate US government and Mob sources.[945]

Buying into Cuba

Rise of a strongman

The roots of the Mob's move into Cuba lie in the US invasion of 1898, which realigned Cuba's political economy away from Spain and towards America, while leaving it a separate political and legal entity. Cuba might have become a US state,

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[943] US Embassy in Cuba to Department of State, 'Confidential Incoming Telegram', 31 July 1953, NARA, RG 59, File 737.00/7-2853.
[944] Jack Colhoun, *Gangsterismo. The United States, Cuba, and the Mafia: 1933 to 1966* (New York and London: OR Books, 2013).
[945] Saénz Rovner, *The Cuban Connection*.

but for American sugar beet farmers' insistence on maintaining tariff protections against Cuban sugar. US Congress nonetheless made its expectation of a free hand in Cuba clear by adopting the Platt Amendment in 1901, which authorized the executive to intervene unilaterally in Cuban affairs as and when it saw fit. For the next three decades, the US used force – and the threat of force – to protect its commercial interests in Cuba, staging a series of invasions and propping up a range of plutocratic governments. By 1958 Cuba was all but an American economic colony. 58 per cent of Cuba's primary export – sugar – and 67 per cent of all other exports were sold into the United States. A full three quarters of Cuba's imports came back the other way.[946]

With US capital dominating Cuba's economy, the free market offered only limited upward mobility to Cuban entrepreneurs. As in any imperial or colonial system, there were two roads to wealth and power: either through the patronage networks backed by the imperial power – in this case dominated by the so-called 'sugar barons' who owned the rural sugar plantations – or otherwise through informal and illicit markets not formally governed by the imperial power.[947] Starting in 1920, the United States' policy of Prohibition offered those who chose the second track huge new pay-offs, and new ways to connect with sources of power inside America. Havana quickly emerged as an important Caribbean gambling, bootlegging and narcotics transportation centre, including for outfits linked to the Mob.[948]

Cuba nonetheless suffered terribly through the Great Depression. In the summer of 1933 protests by the *clases populares* calling for more inclusive governance culminated in a general strike that forced the President, General Machado, from power.[949] The response of the US government to such disorder in Cuba over the previous decades had been military intervention. But in his inaugural address on 4 March 1933, President Franklin Roosevelt had set a new tone by announcing a non-interventionist 'Good Neighbor' policy towards Latin America.

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[946] Colhoun, p. 2.
[947] Ramiro Guerra y Sánchez, *Sugar and Society in the Caribbean: An Economic History of Cuban Agriculture* (New Haven: Yale University Press, 1964); Muriel McAvoy Weissman, *Sugar Baron: Manuel Rionda and the Fortunes of Pre-Castro Cuba* (Miami: University of Florida Press, 2003).
[948] Haller, p. 116.
[949] Robert Whitney, 'The Architect of the Cuban State: Fulgencio Batista and Populism in Cuba, 1937-1940', *J. Lat. Amer. Stud.*, vol. 32, no. 2 (May 2000), pp. 435-459, at pp. 436-437.

Cuba's formal economy remained closely tied in to America's, but US political and military control was being relaxed. The short-term result in the summer of 1933 was a power vacuum in Havana. Two men, one American and one Cuban – both born poor outsiders, both charismatic leaders of armed groups, both adroit balancers of factional support – seized this opportunity. They would become lifelong friends, and their strategic decisions would significantly influence Cuba's political landscape – and the US' immediate strategic environment – for the next thirty years.

The first was Meyer Lansky, the young Jewish Mobster whose alliance with Lucky Luciano had underpinned the formation of the American 'Mob' system. As a junior partner in the mafia-dominated Mob, Lansky seems to have avoided relying solely on violence to maintain his strategic position. Instead, he made himself indispensable as a business operator, and as something of an honest broker between different mafia factions. 'I listened and read about men in all kinds of endeavor', he would later tell an interviewer. 'The men who mostly went to the top were men with integrity.'[950] Lansky recognized that his greatest strategic asset was that rarest of underworld commodities: trust. Lansky's casinos were known, ultimately worldwide, for their honesty – at least in dealing cards. 'Everyone who came into my casino', Lansky later claimed, 'knew that if he lost his money it wouldn't be because he was cheated.' Nor was this mere self-aggrandizement. A visitor to Havana in the 1950s asked the US Ambassador why all the American Mobsters were tolerated by the government. 'It's strange', the diplomat responded, 'But it seems to be the only way to get honest casinos.'[951]

As we saw in Chapter 4, by 1933, Lansky and Luciano were working actively to replace the revenues that would be lost when Prohibition ended by expanding into new gambling markets. They set their sights on Havana. Lansky had spent time there during Prohibition and got to know some of Cuba's leading political and military figures.[952] Perhaps Havana could now be turned into a gambling enclave like those controlled by the Mob in Atlantic City, Saratoga Springs, Broward County in Miami and, later, Las Vegas. All offered handy and

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[950] Lacey, p. 54.
[951] Uri Dan, 'Meyer Lansky Breaks His Silence', *Ma'ariv* (Israel), 2 July 1971; and Lacey, p. 236.
[952] Scott Deitche, *The Silent Don: The Criminal World of Santo Trafficante Jr*. (Fort Lee NJ: Barricade, 2007), p. 61; Thomas Hunt, 'Castro and the Casinos', *Informer*, vol. 2, no. 4 (2009), pp. 5-27 at p. 5.

lucrative exceptions to the staid moral codes and legal order of much American life, sustained through the 'fix': corruption of local law enforcement and political figures.[953] Equally significant, since gambling was legal in Cuba, it offered a potentially unique venue for money-laundering. In the spring of 1933 Lansky proposed to Luciano that they 'approach a contact in the Cuban government' to '"buy in" with the Cubans so that the Mob could begin to develop its own gambling infrastructure on the island'.[954]

Lansky and Luciano's next move was telling, and shows how deft they had become in marrying internal strategic organization and external strategic positioning. Rather than strike out on their own to exploit this new market and gain an edge over their internal Mob rivals, they chose to bring those rivals in on the exploitation of Cuba's gambling potential, spreading risk and costs, and further entrenching the collective governance system of the Commission. In the spring of 1933, Luciano and Lansky called a meeting of Mob bosses at Luciano's suite in New York's Waldorf Towers and presented a plan for the Mob to invest as a syndicate in the Cuban gambling sector. Each *capo* was asked to sink $500,000 for bribes and 'to buy goodwill' – i.e. for 'the fix'. In return, each would get a piece of the action, either through control of a particular establishment, or through equity ('points') in syndicate-run nightclubs and casinos.[955] In subsequent years, the Mob adopted a similar syndicated approach for joint gambling enterprises in Miami and Las Vegas.[956] Having secured the group's approval Lansky flew to Cuba, and spoke to his contact in the Cuban military – a young sergeant named Fulgencio Batista y Zaldívar. He promised Batista huge sums: allegedly $3 million up front and at least as much annually thereafter.[957]

Like Lansky (and Luciano), Batista was also born an outsider. Hailing from an impoverished family in eastern Cuba, his personal charisma and leadership qualities propelled him rapidly to prominence in the Cuban army. On 4 September

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[953] Lacey, pp. 97-111.
[954] T.J. English, *Havana Nocturne* (New York: Harper Collins, 2008), p. 15; Lacey, pp. 108-109; Eisenberg et al., pp. 173-174; Gosch and Hammer, pp. 233-234.
[955] J. Robert Pearce to FBI, 'Angelo Bruno', 16 January 1959, in JFKARC, HSCA Subject Files, Angelo Bruno, Box 1; Gosch and Hammer, pp. 168-169; Messick, *Lansky*, p. 23; Colhoun, p. 29; Newark, *Lucky Luciano*, pp. 182-183.
[956] Maas, p. 15; McClellan Hearings, Part 1, First Session, 1963, p. 387.
[957] FBI, Mafia Monograph, Part II, pp. 64, 114; English, p. 15; Gosch and Hammer, p. 169; Eisenberg et al, pp. 173-174.

1933, claiming that on-going civil unrest following the fall of the Machado government demanded a more forceful, if sympathetic, response than the military leadership was offering, Batista led a rebellion of young non-commissioned officers. Between September 1933 and January 1934 a loose coalition of radical activists, students, middle-class intellectuals and junior army officers formed a Provisional Revolutionary Government, nominally led by a popular intellectual, Dr Ramón Grau San Martín. The PRG's political authority, however, clearly rested on Batista's military support.[958]

The PRG steadily began to challenge the existing political settlement. First it weakened ties with the US by unilaterally rejecting the Platt Amendment and dissolving Cuba's existing political parties. Next, it decreed a series of socio-economic and civil rights reforms: an eight-hour workday, female suffrage, improved labour regulation, and a minimum wage for cane-cutters. When it promised land reform, the established sugar barons and their American patrons began to push back. In January 1934, under pressure from these interests, and with the backing of the US State Department, Batista pushed Grau San Martín from power, and installed a new President. The message was clear: Batista was the real power behind the throne in Cuba.[959]

The 'Batista Palace Gang'

Batista was not however content to be a puppet through whom the established sugar barons could ventriloquize. He wrote his own strategic script, seeing himself not as the guardian of an existing strategic environment, but as the developer of a new one:

> [M]any want to forget that I am the chief of a constructive social revolution, and see me as a mere watchdog of public order. My idea of order is that of an architect rather than that of a policeman.[960]

Batista's populist strategy rested on forging a direct relationship with the Cuban people – especially its labour force – slowly circumventing the control that Cuba's *caudillos* and sugar barons wielded at the sugar-mill and plantation level. Batista in Cuba recognized what Giuliano in Sicily did not: that industrialization

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[958] Whitney, p. 436.
[959] Rene Rayneri, 'Colonel Batista and Cuba's Future', *Current History*, vol. 50, no. 2 (April 1939), p. 51.
[960] *The Havana Post*, 23 June 1937, p. 10.

and urbanization were changing the geography of power, transforming labour relations from a policing issue to a political issue. This was at the heart of the social unrest of 1933. As a British Foreign Office dispatch of the time noted, if he was to retain power, Batista had to 'remove the political grounds for economic discontent'.[961] After consolidating his military control, he began quietly to reinstitute some of the social protections and market reforms proposed by the PRG that he had deposed in 1934. At the same time, he led a campaign to force out tens of thousands of foreign workers – mainly Jamaicans and Haitians – on the grounds that they were taking Cuban jobs, in the process stoking Cuban nationalism and establishing himself as a community protector.[962]

In 1937 Batista went further, presenting a Three Year Plan for social reform, including the redistribution of state land and more intrusive regulation of the sugar industry. This elicited significant resistance from the sugar barons. In response, Batista un-banned the Cuban Communist Party and entered a tactical populist alliance with it. Having demonstrated to the sugar barons his willingness to work directly with labour, he offered them a way out, creating a Sugar Stabilization Institute to set policy for the industry in which they would control 50 per cent of the vote.[963] It was an offer of partnership. At the same time, Batista was consolidating coercive power within the national military, working around the sugar barons' rural militias. To do this, however, he had to find new means to control the sugar barons and landowners. The solution was a highly personalized patronage system. But that required revenue. And this was where criminal rents – and collaboration with the Mob – became crucial: not just as a business scheme, but as a basis of patronage-based government.

From 1936 Batista set out to expand the role of legalized gambling and associated illicit activities in Cuba's economy. Lansky and the Mob provided the expertise and the start-up capital. In 1936, Batista legalized games of chance in select casinos and nightclubs, and gave the military control of their oversight. At the

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[961] Rees to Eden, Havana, 20 February 1937, enclosure no, 21, 'The Labour Situation in Cuba and the British West Indies', BNA, FO, registry no. A/1864/65/14.
[962] Whitney, pp. 442-443.
[963] *Ibid*.; Jorge I. Domínguez, 'The Batista Regime in Cuba', in H.E. Chehabi and Juan J. Linz, eds., *Sultanistic Regimes* (Baltimore and London: Johns Hopkins University Press, 1998), pp. 112-131 at pp. 117-118.

same time, he officially hired Lansky as a 'consultant' to reform the Cuban government-owned Gran Casino Nacional.[964] Lansky was soon owner and manager of three casinos, including one at the premier local racetrack.[965] The national lottery, something of an institution since its founding in 1812, was transformed from a weekly to a daily event. Favoured politicians and military leaders were given blocks of tickets to sell, and were commissioned to collect bets.[966] While the lottery was formally legal, the normalization of gambling also led to the expansion of illegal gambling, such as *bolita*, a Cuban game of chance very similar to the American 'numbers' rackets. A 1943 special investigation by the US Federal Bureau of Narcotics found that gambling-related corruption was 'one of the largest sources of revenue' in Cuba, much of it disappearing into politicians' pockets.[967]

Large-scale narcotics trafficking and prostitution ventures also contributed to the patronage system. A confidential US dispatch explained that 'the illicit narcotic racket in Cuba is "sponsored" and fully protected by the Cuban National Police and very high Cuban Government officials comprising the "Palace Gang"'. This 'Palace Gang' controlled narcotics trafficking through the Cuban Director of Sports and the Chief of the National Police, both aides to President Batista.[968] Batista was remaking Cuban government from an agricultural oligarchy operating under American protection into a system of criminalized patronage operating in collaboration with transnational criminal networks. This was a precursor to the criminalized governance and rule through disorder we see more recently in Africa and Asia. As in those environments, Batista's emergence as the preeminent actor within that patronage system transformed notionally democratic politics into a modern 'court' system, with him at its centre.[969]

The system rested on three legs: widespread corruption; Batista's control of

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[964] Kefauver Committee, 'Testimony of Meyer Lansky' in Hearings, Part 7, New York-New Jersey, 81st Congress, 1st Session (Washington DC: US Government Printing Office), p. 610; English, p. 20; Rosalie Schwartz, *Pleasure Island: Tourism and Temptation in Cuba* (Lincoln: University of Nebraska Press, 1997), pp. 92, 97-98.
[965] Colhoun, p. 5.
[966] Saénz Rovner, p. 86; Lacey, pp. 108-109.
[967] Claude A. Follmer to HQ, 'Special Cuban Assignment SE-202', 21 July 1943, NARA, RG 170, DEA BNDD, 1916-1970, Box 154, Folder 0660 Cuba, p. 66.
[968] Wilson C. Beers, 'Treasury Representative in Havana to Commissioner of Customs', 18 January 1945, NARA, RG 170, DEA BNDD, Box 154, Folder 0660 Cuba.
[969] Giustozzi, 'Debate on Warlordism', p. 17. Compare Norbert Elias, *The Civilizing Process. Volume II: State Formation and Civilisation* (Oxford: Blackwell, 1982), pp. 258 et seq.

Cuba's coercive apparatus; and careful strategic communication representing Batista as the source of order amongst pervasive violence, a 'strongman' protector of the community. His 'constructive social revolution' was a key part of that communications strategy, building support from the *clases populares* independent of the established economic interests. Yet located just ninety miles from Florida, and with the US increasingly agitated by both fascist and communist ideologies, Batista could ill afford to appear either too leftist in his social policies, or too militaristic in his ways of achieving them.[970] In the late 1930s, Batista therefore attempted a subtle shift, casting himself as a constitutional democrat, moving his focus from economic reform to civil liberties, dressing in suits rather than military uniforms.

Events overtook him. After winning the Cuban Presidency as a 'civilian' in 1940, he ushered in a liberal democratic constitution that contained numerous social protection and welfare provisions. These leftist positions, his inclusion in a cabinet of several figures with Communist links, and an apparent leftward drift during 1943-1944 alarmed the US. With the 1944 Presidential election approaching, the US government sent word to him – possibly through Lansky, as an offshoot of the Underworld Project – that he would do better by retiring to Florida than by standing again for election.[971] The US government, it seemed, still held the whip hand over Cuban governance, despite Batista's efforts to develop an independent populist power-base. Batista moved into temporary exile in Daytona Beach, Florida, where Lansky was a highly influential figure. His Palace Gang had lost its captain.

Gangsterismo

Batista's move from military strongman to populist constitutionalist had been presented as placing 'the people' at the heart of Cuban government. In practice, however, his reforms served to personalize political power, as the protector of a range of criminal interests, both local and foreign. When he left for Florida in 1944 a vacuum of political power opened up behind him. Ten years of life under Batista had reconstituted the power of the established sugar barons, moving them away from their agricultural bases, incorporating them – and a range of new actors – into

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[970] Whitney, p. 455.
[971] Eisenberg et al, pp. 227-228; Enrique Cirules, *The Mafia in Havana: A Caribbean Mob Story* (North Melbourne/New York: Ocean Press, 2010), p. 25.

factionalized patronage networks running through the military and police and converging in the 'Palace Gang'. With Batista's removal, these networks began to compete – often violently – for governmental power. The Cuban term for the era tells the story: it is known as the period of '*gangsterismo*'.

Gangsterismo was characterized by these political networks and their organizational partners – political parties, labour unions, and student groups – developing urban militias that competed for informal political and economic power. Competition was no longer conducted peacefully in political institutions and through jockeying within the presidential palace for patronage: it was conducted violently in the street.[972] Political factions' prospects depended on access to a steady supply of easily controlled militants, and the resources to arm, feed and reward them. In a pattern since replicated in other developing countries, such as Nigeria, student groups at universities became a major recruiting ground, and protection and other criminal rackets became their income source. The violence on campus was significant: assassinations of student leaders were common. Lectures were not infrequently interrupted by gun battles.[973] Political actors protected young gangsters from prosecution, paid for their arms and cars and put gangster thugs on official payrolls.[974]

Over time these 'gangsters' graduated from running local protection rackets to serving as enforcers for more lucrative, clandestine politically-sponsored criminal activity – trafficking, prostitution and high-stakes gambling. Leading politicians such as the Prío Socarras brothers – one, the Prime Minister, later President; another a Senator – amassed fortunes from trafficking heroin and cocaine into the US, using local gangsters as muscle and labour.[975] The Prío Socarras brothers also moved to use the state's assets not only to protect criminal activity, but also as an asset in the *production* of criminal rents. In the mid-1940s, the Prío brothers and the Florida Mob boss Santo Trafficante Jr. established Aerovías Q: a commercial airline

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[972] Samuel Farber, *Revolution and Reaction in Cuba, 1933-1960* (Middletown CT: Wesleyan University Press, 1976), pp. 117-122; Colhoun, pp. 13-16.
[973] Farber, p. 119.
[974] Cirules, pp. 61-62.
[975] John T. Cusack to H.J. Anslinger, 12 January 1959, NARA, RG 170, DEA OEPC, Box 7, 0660 Cuba, In-Confidence, Book #1 thru Feb. 1959; CIA, 'Biography of Carlos Prio Socarras', December 1957, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 61, Folder S; FBI, 'Report by George E. Davis, "Carlos Prios Socarras", 1 July 1952, JFKARC, Counterintelligence Source Files (Army), Box 6, Folder Carlos Prio Socarras.

entitled to use Cuban Air Force gasoline, replacement parts, maintenance staff, pilots – and with exclusive rights to operate out of military airports, avoiding customs. Aerovías Q quickly became an important cog in the developing pan-American cocaine network, flying coca paste from Colombia to Camagüey in central Cuba where the paste was refined before shipment on to consumers in Havana nightclubs and the US.[976]

The Príos' entrepreneurialism made clear that there was untapped potential in Cuba. But no strongman emerged to replace Batista. Cuba's criminal markets were fractious and poorly governed, 'no more regulated than a fairground whose operator subcontracted the individual sideshows and stalls', in the memorable terms of Robert Lacey.[977] The Mob saw an opportunity. Within six months of his deportation to Italy, Luciano had applied for an Italian passport and a Cuban visa. With help from Lansky and a Cuban congressman and senator he was in Havana by November 1946.[978] US government records indicate that he told the Cuban authorities that he had come 'to buy a piece of the gambling rackets', but his governmental authority within the Mob seemed to suggest something else: that the Mob could help the Cuban elite to develop Cuba's criminal markets.[979] Luciano was quickly spotted in Havana fraternizing with Cuban leaders, including both Prío Socarras brothers. He rented a house from the chief of the Cuban general staff, and began laying the groundwork for a range of business projects in partnership with Cuban political figures.[980]

This was the context in which the summit at the Hotel Nacional described in the prologue to this chapter took place. A dozen Mob leaders, including Lansky,

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[976] John T. Cusack to H.J. Anslinger, 14 July 1958, and C.A. Follmer to Joseph Bell, 6 December 1943, both in NARA, RG 170, DEA BNDD, Box 154, Folder 0660 Cuba; Joseph L. Tangel, 'Activities of Top Hoodlums in the New York Field Division', 14 September 1959, JFKARC, HSCA, Sebastian John La Rocca, Box 4; Arthur Sabo to Joseph Milkeny, 'Narcotics Inquiry Re: Joseph Paul LoPiccolo', 10 May 1965, JFKARC, HSCA, Numbered Files, Box 21, Folder 000834; Cirules, pp. 33, 53; Saénz Rovner, p. 66.
[977] Lacey, p. 225.
[978] Newark, *Mafia Allies*, pp. 272-273; Newark, *Lucky Luciano*, pp. 180-182; Gosch and Hammer, pp. 307-308.
[979] Joseph A. Fortier to Commissioner of Customs, 27 March 1947, NARA, RG 170, DEA OEPC, Salvatore Luciano – Folders 1-5, Box 1; Legat, Havana, to Director, FBI, 'The Mafia – Havana', 11 October 1955, JFKARC, RG 233, HSCA, Norman Rothman, Box 3.
[980] J. Ray Olivera to Garland Williams, 21 March 1947, NARA, RG 170, DEA OEPC, Salvatore Luciano – Folders 1-5, Box 1; Olivera, 'Memorandum Report', 27 February 1953, and Robert A. Bermingham, 'The Illicit Narcotic Traffic in Cuba', 27 January 1959, both in NARA, RG 170, DEA BNDD, Box 154, Folder 0660 Cuba.

Bonanno, Genovese, Adonis, Joe Profaci and Albert Anastasia came to 'pay allegiance' from 22 to 26 December 1946.[981] They handed over cash tributes totalling almost $150,000, confirming Luciano's supremacy and providing him seed capital for ventures in Cuba.[982] Cuban expansion plans were a central agenda item, as was Las Vegas.[983] Luciano and Lansky suggested working with local politicians to build a new casino resort outside Havana. Aerovías Q would provide a dedicated private air bridge to Florida so that high rollers would not have to go through immigration and customs in Cuba.[984]

It was not to be. Luciano's presence in Havana was reported in the US press – possibly as a result of a leak by Vito Genovese, whose own Mob leadership ambitions, stoked by his success working with AMG figures in occupied Italy, were threatened by Luciano's return. The US government, who had been tracking Luciano in Havana, felt that it could not be seen as tolerating Luciano sitting on America's doorstep, and promptly pressured the Cuban authorities to deport him back to Italy. Cuba's politicians resisted. The President, Prime Minister and Minister of the Interior met and decided to allow Luciano to stay. The Interior Minister and the National Secret Police Chief were deputized to tell the US Embassy that there was no legal reason to deport Luciano.[985] In response, the US government withheld all supplies of medical drugs to Cuba. Reluctantly, the Cuban government abandoned Luciano, forcing him back to Italy in early 1947.[986] A US official reported shortly thereafter seeing one of Luciano's Cuban political allies, Senator Chivas, walk up to President Prío on the floor of the Cuban Senate, slap him in the face, and say 'From Luciano to you'.[987]

Luciano's gambit to take control of Cuba's criminal markets had failed, and set his power within the Mob back irreparably. Stuck in Italy, he would remain an influential figure in Mob affairs, but never again return to its active leadership. This did not mean, however, that the Mob's ambitions in Havana were at an end. But the

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[981] Fortier to Commissioner of Customs, *supra*; Gosch and Hammer, p. 311 et seq.
[982] English, pp. 32-33.
[983] Raab, pp. 89; Cirules, pp. 34-35; Colhoun, p. 11; Lacey, pp. 216-218; Gosch and Hammer, pp. 314-316.
[984] Olivera to Williams, *supra*.
[985] Cirules, pp. 47-53; Gosch and Hammer, pp. 26-32, 323-324; Eisenberg et al., p. 234; English, p. 46.
[986] English, pp. 47-49; Saénz Rovner, pp. 67-70.
[987] Olivera, 'Memorandum Report', *supra.*

continuing political instability and absence of a strong governing force in Havana made investment highly risky.

In 1948 Lansky seems to have smoothed the way with Cuba's political factions for Batista's return to Cuba from exile in Florida, and his prompt installation in the Senate.[988] When Lansky was married for the second time later that year in a Senator's office in Havana, Batista was one of a handful of guests.[989] Over the next four years, while Batista served out a constitutionally mandated period outside the presidential office, Lansky patiently laid the groundwork for the expansion of Havana's gambling scene. He coordinated joint investments in Havana's nightclubs and casinos by a range of Cuban politicians and Mob figures.[990]

In 1952 Batista moved to once again take the reins of formal political power in Cuba. He nominated as a presidential candidate for an election scheduled for June 1952, but polling suggested he was stuck in third place.[991] On 10 March 1952, working with army officers, he staged a second bloodless *coup d'état*. Having effectively co-opted the labour movement, there were no populist forces to oppose him.[992] The strongman was back in the palace, and his collaboration with the Mob was set to move to a whole new level.

A joint venture in government

The Havana Mob

Batista's unique, personal authority over the military and internal security agencies – not replicated by any of the civilian politicians who had ruled in his absence – allowed him to more effectively monopolize force. With his return to power, the *gangsterismo* period of competition between local protection rackets looked set to end. Instead, against the ideological schisms of the Cold War, it mutated. The

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[988] Warren Hinckle and William Turner, *Deadly Secrets: The CIA-Mafia war against Castro and the assassination of JFK* (New York: Thunder's Mouth Press, 1992), p. 345; North American Committee on Latin America, *Latin America & Empire Report*, vol. VI, no. 8, p. 5; Messick, *Lansky*, p. 123.
[989] English, p. 58; Cohen, 'The Lost Journals'.
[990] English, p. 19.
[991] Colhoun, p. 19; Domínguez, p. 118.
[992] Domínguez, p. 120.

factional fighting between *gangster* squads of the 1940s morphed into the Cold War proxy conflict of the 1950s. *Gangsterismo* figures from the right, such as Rolando Masferrer, Fidel Castro's student leader rival from the University of Havana, became Batista's enforcers; *gangsterismo* figures from the left, including Castro himself, became Batista's political opponents.[993]

By 1950, declines in the sugar price and shifts in the terms of trade meant that Cuba was running a budget deficit.[994] Cuba needed to diversify its economy. But to do so, it needed capital investment, particularly in infrastructure and human resources. Where was Batista to find this capital? Cuba did have oil reserves, but these were largely controlled by US commercial interests. Absent other natural resource endowments or increased foreign debt, Batista was unlikely to be able to develop the more centralized state he had long advocated.[995] Batista turned to three alternative sources of investment capital: his own people's savings – using gambling to channel them into state coffers, and encouraging union pension funds to invest in new capital projects, especially hotels; bringing in foreign private investment through tourism; and the proceeds of foreign crime looking for an effective money-laundering centre. For several years, the approach appeared highly successful, in pure economic terms. Legitimate American private sector investment in Cuba in the 1950s grew from $142 million to $952 million.[996]

State-controlled growth of the gambling industry was the key to mobilizing all three sources of capital. And Mob finance – and expertise – was essential to this reorientation of Cuba's economy. A few months after resuming his role as Cuba's strongman, Batista officially invited Lansky to resume his old position, bringing him back as Cuba's 'adviser on gambling reform' for an annual retainer of $25,000.[997] Soon the American Mob and Batista's clique had formed a new joint venture: a 'Havana Mob' which 'ran a network of untouchable businesses, in which semi-legal control merged with gang-style law'. This Havana Mob enjoyed governing power over domestic criminal operators. It used it not only to tax them,

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[993] Farber, p. 121.
[994] Francis A. Truslow, et al., *Report on Cuba* (Baltimore: Johns Hopkins Press, 1951); Saénz Rovner, p. 90.
[995] Domínguez, p. 119.
[996] English, p. x.
[997] English, p. 87; Lacey, pp. 226-229; Eisenberg et al, pp. 253-255.

but also to regulate them: through inspections and raids, state law enforcement agencies forced a general improvement in customer service standards across Havana's gaming joints, improving Havana's positioning and reputation in the north American gambling market and attracting new visitors and revenues.[998] In the US, Lansky had used the Mob's governmental power to create a prudential regulatory system to grow the illicit gambling economy; here, he was using the formal governing power of the Cuban state to regulate and grow licit gambling markets, and all the ancillary illicit markets that came with gambling.

The *Batistianos* (Batista supporters, as the Havana Mob was also known) protected Lansky and other members of the American Mob in return for a 'skim' from the rackets and casinos they ran, the skim then underwriting political patronage.[999] Frequently, these rackets – from casinos to narcotics trafficking – involved joint operations and joint investment by both American mafia members and Cuban political and military leaders. One example was described by Mariano Faget y Diaz, the head of Batista's Bureau for the Repression of Communist Activities (BRAC) – an internal security agency – after he fled to the US in 1959:

> Prostitution and illegal gambling were taxed by the police, and the proceeds went directly to the Chief of Police. Smuggling was protected by MANUEL PEREZ BENITOA, administrator of Customs in Havana. The illegal traffic in drugs was directed from the Bureau of Investigations and controlled by the Assistant Chief, Commander RICARDO MEDINA, behind the back of his immediate chief, Colonel ORLANDO PIEDRA.[1000]

Batista's brother in law Roberto Fernandéz y Miranda controlled slot machines – which were supplied by the Mob – taking 50 per cent of revenues.[1001] General Cantillo, head of the Cuban army HQ, was tied up with Santo Trafficante in

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[998] Cirules, p. 14; Lacey, pp. 227-228.

[999] Detailed accounts of Mob activity in Havana are provided by 41 Federal Narcotics Bureau case files: see Siragusa to Anslinger, 'Office Memorandum', 2 February 1959, NARA, RG 170, DEA OEPC, Box 7, 0660 Cuba, In-Confidence, Book #1 thru Feb. 1959. Other significant discussions appear in: Legat, Havana, to Director, FBI, 'The Mafia – Havana', *supra*; Vaughan to Regional Commissioner, Richmond, Va., 'Gamblers and Gangsters engaged in Cuban gambling', 5 February 1958, NARA, RG 170, DEA BNDD, Box 154, Folder 0660 Cuba; George Davis Jr., 'Roberto Fernandez Miranda', 15 April 1960, JFKARC, RG 233, HSCA, Segregated CIA Collection, Printed Microfilm, Box 43, Folder Rothman; John S. Portella, 'Norman Rothman – Interstate Transportation of Gambling Devices', 11 October 1956, JFKARC, RG 233, HSCA, Numbered Files, Box 244, Folder 013992.

[1000] FBI, 'Cuban Revolutionary Activities', Miami, 5 February 1959, NARA, RG 170, DEA OEPC, Box 7, Folder 0660 Cuba, In-Confidence, Book #1 thru Feb. 1959.

[1001] Legat, Havana to Director, FBI, 'The Mafia – Havana', *supra*, at p. 8; Hunt, 'Castro', pp. 14-15; Lacey, p. 247.

the Sevilla-Biltmore casino.[1002] The head of the Secret Police owned a piece of Trafficante's Havana nightclub, the Sans Souci, which was managed by Norman Rothman, a New York Mobster. Rothman also appears to have been a player in the Cuban narcotics trade in the 1950s, while Trafficante worked with a local politician to run the local *bolita* (numbers, or informal lottery) market. Topping it all off, the Mob's attorney in Cuba was Batista's son-in-law.[1003]

Just as Lansky allowed a variety of Mob actors to enjoy the fruits of this collaboration, so Batista ensured a wide range of his cohorts benefited. But Batista also recognized that the careful distribution of criminal rents was a way to develop and maintain his own social legitimacy. By removing Cuba's national lottery from the national budget, he created a special revenue fund he could use as a means of political leverage and corruption. Decree Law 2185 (1954) gave him the right to make grants from lottery funds to educational, social welfare and cultural organizations. Batista himself has described how he doled out money to journalists ($1.3 million), the Catholic Church ($1.6 million), unions ($1.3 million) and pension funds ($3.6 million). Overall he claims to have *officially* distributed more than $63 million in 6 years, purchasing wide support for his continuing rule.[1004]

The masterstroke in the new governmental joint venture between the American and Havana Mobs was, however, the creation of the *Banco de Desarrollo Económico y Social* – the Bank for Economic and Social Development or BANDES. The American Mob had established close connections to key private Cuban banks, controlled by senior political figures, including one established by President Batista himself. These were used for general banking, for raising capital, and as money-laundering channels.[1005] The BANDES was something else entirely: a state-backed development finance institution. It aimed for nothing less than the strategic reorientation of Cuba's economic growth through centrally-controlled, debt-financed infrastructural development, particularly around tourism – especially

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[1002] CIA, 'Document Transfer and Cross Reference', 3 September 1954, JFKARC, RG 233, HSCA, Segregated CIA Collection, Printed Microfilm, Box 43, Reel 16, Folder 21; FBI Legat, 'Sans Souci Night Club', 31 December 1952, and FBI, 'American Gambling Activities in Cuba', 3 February 1953, both in JFKARC, RG 233, HSCA, Norman Rothman, Box 4. On Rothman's role in the narcotics trade see especially NARA, RG 170, DEA BNDD, Box 154, Folder 0660 Cuba.
[1003] Legat, Havana to Director, FBI, 'The Mafia – Havana', *supra*.
[1004] Fulgencio Batista, *The Growth and Decline of the Cuban Republic*, tr. Blas M. Rocafort (New York: The Devin-Adair Company, 1964), p. 160. And see Domínguez, p. 124.
[1005] English, pp. 130-131; Cirules, pp. 89-95.

gambling. Roads, an airline, the airport, the main Havana racetrack and especially hotels all became major BANDES investments.[1006]

BANDES was nested in a policy regime that encouraged and facilitated foreign investment in Cuba – whatever its provenance. This included a 10-year tax holiday on new corporate investments; the waiver of import duties on construction materials (which helped to create a thriving black market in such materials); a guaranteed gambling license to each and every approved $1 million hotel project – or any $200,000 nightclub casino – without background checks on the proprietors; and 2-year work visas for workers with specialized gambling expertise, such as card dealers.[1007] As T.J. English has put it, BANDES was intended to tie Mob interests 'into the economic and social development of Cuba itself, so that the fortunes of the Mob in Cuba were one and the same with the fortunes of the Cuban people'.[1008]

BANDES also served as a mechanism for consolidating Batista's power within Cuba's factionalized political system, using rents extracted from foreign investors as a means of political patronage. BANDES-backed deals required foreign investors to take on local partners – i.e. Batistianos – as minority shareholders. Infrastructure project pricing was inflated to allow Cuban political sponsors a 'skim'. Allocation of these roles allowed Batista to buy off the private militias that lingered from the period of *gangsterismo*. BANDES subsidized the move of Cuban gangsters such as Barletta and Battisti into casinos and nightclubs in Havana. Rolando Masferrer received government resources and funds to fight Castro's forces in the Sierra Maestra.[1009] Batista himself did not walk away empty-handed: he received a $250,000 facilitation fee from each BANDES deal, plus monthly kickbacks totalling perhaps $10 million annually.[1010] Moreover, BANDES consolidated his power within the domestic economy: Cuba's private banks were 'implicitly forced' to buy BANDES-issued bonds, giving Batista leverage over private capital-raising and consolidating his control over potential internal rivals.[1011]

[1006] Cirules, pp. 107-110; Michael P. McGuigan, 'Fulgencio Batista's Economic Policies, 1952-1958', Ph.D. thesis, University of Miami, 2012.
[1007] Hunt, 'Castro', pp. 10-13; 'Mobsters move in on Havana and split gambling profits with Batista', *Life*, 10 March 1958, pp. 32-37 at p. 35.
[1008] English, p. 132.
[1009] Domínguez, p. 125.
[1010] McGuigan, pp. 233-235; English, p. 132.
[1011] McGuigan, p. 230.

The result was a debt-financed construction boom and money-laundering bonanza. Twenty-eight new hotels were constructed in five years.[1012] 5 new major hotel casinos opened with Mob money and personnel between 1955 and 1958: the Capri, the Hilton, the Deauville and the Riviera in Havana, and the Comodoro in suburban Miramar. Havana's hotel rooms increased from 3,000 in 1952 to 5,500 in 1958.[1013] Lansky's Riviera, the largest casino-hotel outside Las Vegas, cost $14 million, $6 million of which came from government financing institutions.[1014] With the Cuban state formally legalizing activities that remained illegal in the US (such as gambling) and informally licensing others (prostitution, narcotics, pornography), Havana became an offshore vice capital and money-laundering centre.

The scheme made the Havana and American Mobs partners in a governmental joint venture in Cuba. Along with Cuba's security service leaders, they were bound 'together in defense of a repressive, but for them profitable, political status quo on the island.'[1015] Yet as Batista's regime became increasingly inequitable Cubans became increasingly resentful. While the boom created jobs, Cubans were all too aware of how heavily indebted they were becoming as a result – and who ultimately stood to profit. A July 1957 article in the magazine *Bohemia* described Havana's new hotels as 'constructed with funds stolen from the people.'[1016] A story in *Life* magazine ran:

> Standing outside the Riviera, one Cuban said, 'That cost *us* $6 million. It cost the owners $8 million. If it makes money, *all* the profits will be siphoned off to the U.S. If it loses money, we Cubans have a $6-million white elephant on our hands. What kind of deal is that for Cuba?'[1017]

The same article reflected the political risk attached to the American Mob's investments in Cuba: if Batista 'fell from power, the gambling mob would have to make a whole new set of deals with a different bunch of politicians'.[1018] But that was a day that the American Mob did not see coming, at least not soon. On the contrary, they were busy fighting over the joint venture's spoils.

[1012] McGuigan, p. 235.
[1013] Colhoun, pp. 23, 28-29; Saénz Rovner, pp. 90-93.
[1014] English, p. 132; 'Mobsters move in', *supra*, p. 35.
[1015] Colhoun, p. 28.
[1016] Agustín Tamargo, '¿Por que lucha actualmente el pueblo de Cuba?', *Bohemia* (Havana), 28 July 1957.
[1017] 'Mobsters move in', *supra*, p. 36.
[1018] *Ibid.*

Rebellion in the Mob

The Cuban gambling boom was a fountainhead of patronage not only for Batista, but also for Lansky and the Mob. But it also fuelled jockeying and internal rivalries, just as had the bootlegging boom in Prohibition New York (Chapter 4) and the cigarette and heroin smuggling boom in Palermo (Chapter 6). It was Lansky – not Batista – who first had to stare down a rebellion in his ranks.

As the US Federal Bureau of Narcotics recognized, the Mob served as the 'organizational medium' through which Batista's gambling boom was realized.[1019] Yet even after Luciano's organizational reforms (Chapter 4), the Mob functioned more as a coalition or confederation of autonomous Families than as a unitary structure. Even on questions of external positioning and offshore activity, the Families were free to operate autonomously within strategic parameters coordinated by the Commission. In Havana, that translated into a variety of operational arrangements. While Lansky was the recognized coordinator of Mob interests, some nightclubs and casinos were owned and run by specific actors within the Mob, with Trafficante having the largest and most lucrative portfolio after Lansky. Others were operated on a syndicated basis, with different Mob figures allocated 'points' – stock – by the Commission.[1020] With 5 major new casino hotels coming online in just a few short years, jockeying for control of the rents they would generate was inevitable. And as T.J. English has put it, 'decisions made on the island created a ripple effect' out through the ranks of the Mob.[1021]

Rival camps coalesced around Lansky – with a strong base in New York – and the Trafficantes, who hailed from Florida. Like the New York Mobsters, the Trafficantes had drawn on the southern Italian mafia tradition to amass control of Florida's bootlegging, narcotics and gambling rackets in the 1920s and 1930s. They had strong ties to Cuba, through the Cuban immigrant community in Florida and through running Cuban rum during Prohibition. Like Luciano, Santo Trafficante Sr. literally murdered his competition in these markets, assuming a dominant position,

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[1019] Memorandum, 'Santos Trafficante Jr.', 9 June 1959, NARA, RG 170, DEA OEPC, Box 7, Folder 0660 Cuba, In-Confidence, Book #4 thru Feb. 1959, at p. 7.
[1020] 'Angelo Bruno', *supra*; Messick, *Syndicate Abroad*, p. 23; Colhoun, p. 29.
[1021] English, p. 226.

before passing control to his son, Santo Trafficante Jr.[1022] Trafficante Jr. himself apprenticed for a time in New York with the Gagliano Family.[1023] And like the New York Families, the Trafficantes' power in both Florida and Cuba relied on careful cultivation of law enforcement officials and political actors.[1024]

As a formal member of the Commission, Trafficante wielded significant power within the mafia. His Family's long-standing Cuban connections and Spanish language skills further amplified their importance to the Mob's operations in Cuba. In the mid-1950s Trafficante Jr. appears to have begun exploring ways to form alliances with some of New York Families, to challenge the network around Lansky for a greater share of Havana's criminal rents.[1025] One promising prospect was Albert Anastasia, the former leader of Murder, Inc., who by the mid-1950s had killed his way to power in the Mangano (later Gambino) Family in Brooklyn. Anastasia would normally have been subject to discipline by the mafia Commission for his unsanctioned violence. But he had sought protection within the Commission from Frank Costello, in turn promising to provide Costello physical protection from Vito Genovese, who had attempted to have Costello assassinated in May 1957.

In mid-1957, at the height of the building boom in Havana, Anastasia, perhaps encouraged by Trafficante and emboldened by his apparent protection by Costello, appears to have demanded a larger piece of the action in Cuba. Lansky offered Anastasia a share in the new Hilton Hotel, due to open in 1958. It would be the largest hotel in Havana, and have a large casino. But when Anastasia visited Havana in September 1957 to conduct due diligence, he discovered that he would be sharing ownership and control with fifteen other investors, ranging from Cuba's hotel workers' union (a key source of political support for Batista) to the junior US Senator from the state of Nevada (where the Mob had Las Vegas gambling interests

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[1022] 'Santos Trafficante Jr.', *supra*, at p. 5; FBI, *Mafia Monograph*, Part II, pp. 54-56; Deitche, pp. 21-24, 34-36, 50-63; and see the account of Trafficante's lawyer, Frank Ragano, in Frank Ragano and Selwyn Raab, *Mob Lawyer* (New York: Charles Scribner's Sons, 1994), pp. 9-25, 64-68.
[1023] Raab, p. 94.
[1024] *Final Assassination Plots Report*, p. 351; 'Santos Trafficante Jr.', *supra*; FBI Legat, Havana, 'Santo Trafficante Jr.', 29 April 1959, JFKARC, FBI Subject Files, Santo Trafficante, Box 3; Stephen J. Labadie, 'Santo Trafficante Jr.', 22 September 1960, NARA JFKARC, RG 233, HSCA, Santo Trafficante, Box 3, file TP 92-1.
[1025] Paul Meskill, 'Yen for Cuba Cash Doomed Anastasia', *N.Y. World-Telegram & Sun*, 9 January 1958; Lacey, pp. 239-245; English, p. 196.

to protect).[1026] Lansky, in contrast, controlled the Nacional and Riviera outright; and Trafficante controlled three establishments – the Comodoro, Deauville and Capri. Anastasia returned to New York and met with Trafficante to discuss his concerns about the deal. Trafficante appears to have suggested that he could help Anastasia secure a deal with Batista to buy the Hilton concession outright. In effect, Trafficante was proposing to cut Lansky out of the process, while hiding his hand behind Anastasia.[1027]

Lansky had attempted to avoid becoming involved in the power struggle that had emerged between Costello and Genovese, and a hit on Anastasia could leave his old ally Costello dangerously exposed. But Anastasia's push to outflank Lansky in Cuba threatened his own authority too seriously to remain unanswered. Two days after he had met with Trafficante, Anastasia was murdered, gunned down in a barber's chair at the New York Park Sheraton Hotel. The murder was never solved, but unpublished analysis by the Federal Bureau of Narcotics housed in the US National Archives suggests that Lansky cut a deal with Genovese: Genovese hired two Cuban-Americans who assassinated Anastasia; and in return, Lansky okayed Genovese taking over from Costello as the leader of Luciano's own Family, which now became known as the 'Genovese Family'.[1028]

Revolution in Cuba

In mid-1958 the *Movimiento 26 de Julio* (July 26 Movement) insurgency led by Fidel Castro controlled only a few hundred soldiers in mountains in the east of Cuba, far from the capital. Yet six months later it had taken power in Havana. Batista's regime collapsed with stunning speed, reminiscent of subsequent regime collapses such as the one in Mali in 2013. What happened? In both countries – Cuba in the 1950s and Mali more recently – corruption was at the heart of the matter. The political class' reliance on criminal rents led not only to the collapse of the regime's popular legitimacy but also the hollowing out of its military effectiveness and the

[1026] The same Nevadan politician showed up several years later as a Lansky front for a gambling operation in Haiti: Messick, *Syndicate Abroad*, p. 89.
[1027] English, pp. 224-229; Ragano and Raab, pp. 29-30; Lacey, pp. 239-245.
[1028] Anthony John Falanga, 'Santo Trafficante Jr.', 11 September 1961, NARA, RG 170, DEA OEPC, Box 7, Folder 0660 Cuba, In-Confidence, #5 June thru 1959; Morris R. Dunham, 'Information relative to the alleged murders of major racketeer ALBERT ANASTASIA', 2 July 1962, NARA, RG 170, DEA OEPC, Box 7, Folder 0660 Cuba, In-Confidence, #5 June thru 1959. But see Lacey, pp. 244-245; and Gosch and Hammer, pp. 397 et seq., for alternative hypotheses.

creation of political space into which a rival political and military organization then stepped.

By 1958, corruption had become normalized in Cuba. Questioned about graft, Batista would quote back the words of the former US Ambassador to Cuba, Spruille Braden: 'Of course there was always corruption… but also on Manhattan … there are similar situations of … criminality.' [1029] The US Treasury Representative in Havana reported back to Washington that amnesties were being routinely used to 'white-wash' corruption 'in all branches of the Cuban government', justified on grounds of rehabilitation and 'a new start in life'.[1030]

This gave Castro a significant political opportunity to attack Batista's social base. He made criticism of Batista's cooperation with foreign corporate and criminal actors a central target of his communications strategy. Speaking in his own defence at his trial for an attack he led on the Moncado barracks on 26 July 1953, Castro argued that Batista's 1933 'revolution' had been nothing of the sort, but

> merely brought with it a change of hands and a redistribution of the loot among a new group of friends, relatives, accomplices and parasitic hangers-on that constitute the political retinue of the Dictator.[1031]

This recalled Macmillan's words about 'wine and women and champagne'.

By 1958 the July 26 Movement was focused on attacking economic targets in eastern Cuba to send a political message. They burned sugar mills and cane fields, set fire to jet fuel at an Esso oil refinery, took foreign workers hostage, attacked an American-owned mining plant, and threatened Freeport mining interests. They also went to work on the morale of the Cuban military, dropping leaflets including photographs of Cuban army commanders indulging themselves in Havana's nightclubs and houses of prostitution. A September 1958 FBI report noted that even soldiers 'loyal' to Batista were 'disgusted' with the 'lack of leadership and graft on the part of commanding officers.'[1032]

Through the course of 1958, Castro increasingly found his military effort

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[1029] Quoted in Domínguez at p. 122.
[1030] Beers, *supra.*
[1031] David Deutschmann and Deborah Shnookal, eds., *Fidel Castro Reader* (Melbourne: Ocean Books, 2008), p. 93.
[1032] FBI, 'Intelligence Survey – Cuba', 14 September 1958, JFKARC, HSCA, Lewis McWillie, Box 1.

involved pushing at an open door. Since criminal rents were ultimately controlled and protected by the military and security apparatus, command appointments had increasingly been awarded on the basis of patronage logic, rather than merit.[1033] Over time this contributed considerably to demoralization and the degradation of operational effectiveness. Soon the maximization of criminal rents began to displace other strategic goals even in operational decision-making. One high-level Cuban security official later explained how Batista's brother-in-law, granted command of a regiment, turned it over to organizing 17 gambling houses, staffing them with troops taken away from posts in 'important towns which were later occupied by the rebels without any resistance'.[1034]

Military campaigning against Castro's forces became sporadic. Even when the armed forces had the insurgents on the back foot, they would fail to finish them off. The insurgent's persistence eroded Batista's credibility and the morale of his own supporters. As defections mounted Batista became legitimately more suspicious of rivals within his own ranks. In November 1958 he foiled two coup attempts, the first led by the chief of army operations, the second by the chief of the naval air corps. In December the chairman of Cuba's joint chiefs of staff sought US support for his own coup. Batista kept his most loyal troops in Havana to protect himself. Those he sent east to fight Castro were those with more questionable loyalties – and thus less incentive to fight forcefully for him.

Batista also worried about the sugar barons deserting him. So he assigned troops to fixed positions for much of the dry harvest season to deter baronial rebellion, allowing Castro to build up his strength. Only when the rains set in and plantation workforces (and baronial militias) dispersed could these troops be released to move east; and by then it was too wet for effective operational manoeuvre. From the middle of 1958, the Cuban army began to withdraw whenever Castro's forces attacked. The result was not so much a series of victories by the July 26 Movement, but rather a shrivelling back towards Havana of Batista's coercive capabilities. Eventually Batista's operational commander in the east, charged with

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[1033] Domínguez, pp. 121-122.
[1034] FBI, 'Cuban Revolutionary Activities', *supra*.

prosecuting the campaign against Castro, instead opened direct talks with him.[1035]

On New Year's Eve, recognizing he had a losing hand, Batista folded and fled Cuba with perhaps $300 million in looted state assets.[1036] As Domínguez notes, his military 'had not been defeated in the battle of Havana – there never was any such battle, because Batista surrendered state power'. His coercive capability simply collapsed, the victim of cronyism, demoralization resulting from corruption, and distrust. His strategy for governing Cuba had failed. Domínguez says simply: 'Batista's manner of rule, and the nature of the regime he designed, explains why and how he fell'.[1037]

The Mob was largely blindsided. It had taken only minimal steps to mitigate the rising popular discontent. In a ham-fisted attempt to buy public support, in 1957 the Mob backed a mass-market bingo game in Cuba, giving away new model American cars far beyond the purchasing power of ordinary Cubans.[1038] Lansky purchased the services of one of Cuba's leading columnists and radio personalities, Diego González (known as Tendelera), and enlisted him to place pieces supportive of Batista and public investment in gambling and tourism.[1039] But Lansky was largely unconcerned by Castro, telling his colleagues that he was confident he could pay off anyone who replaced Batista.[1040] Trafficante and some New York financiers hatched a plan to offer Castro $1 million for assurances that he would allow gambling to continue in Havana. Indeed, bribes and guns were offered to several members of Castro's political support network in the US, including the president-to-be, Urrutia.[1041]

The Mob badly underestimated the risk Castro posed. Trafficante told his lawyer that he thought the Mob 'would never stop making all that money in Cuba'. 'Who would have known that crazy guy, Castro, was going to take over and close

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[1035] Domínguez, p. 130.
[1036] Saénz Rovner, p. 60.
[1037] Domínguez, p. 131.
[1038] English, p. 203.
[1039] *Ibid.*, p. 164; Lacey, p. 247; Cirules, p. 112.
[1040] Lacey, p. 249.
[1041] Labadie, *supra*; FBI Pittsburgh Office, 'Stuart Sutor, et al.', 3 July 1959, JFKARC, HSCA, Joseph Merola; Justin Gleichauf to Chief, Contact Division Support, 'Visit to Joseph Merola', 8 February 1961, JFKARC, HSCA, Segregated CIA Collection, JFK Task Force, Box 59, Folder G; CIA, 'Memorandum for the Record, Subject: Norman Rothman', 10 July 1961, JFKARC, HSCA, Segregated CIA Collection, Box 43, Reel 16, Folder 21; English, pp. 283-285; Hunt, 'Castro', p. 17.

the casinos?'[1042] Even after he took power, the Mob remained in denial. Trafficante recalled thinking

> He's not going to be in office or power for long… Batista will return or someone else will replace the guy because there's no way the economy can continue without tourists, and this guy is closing all the hotels and casinos. This is a temporary storm. It'll blow over.[1043]

In fact, when Batista fled on New Year's Eve of 1958, the Mob's losses were significant. Lansky, Trafficante and other Mob figures were in Havana and witnessed the upheaval that followed. While Batista's departure did not lead to widespread violence, the casino resorts that BANDES had funded did become a target for vandalism and symbolic protest. Seven of the thirteen casinos in Havana suffered major damage.[1044] The vandalism was an expression of the population's understanding and rejection of the joint venture with the Mob that Batista's governing regime had become.[1045]

It was a major strategic defeat for the Mob. As Lansky put it, years later, 'I crapped out.'[1046] The episode's seminal emotional impact on Mob leaders and organizational self-perception is made clear by a personal account of a Chicago Mob leader's daughter, Antoinette Giancana. Her father, Sam Giancana – who features prominently in the next chapter – would fly into a rage at the mention of Castro's name, once yelling: 'Don't ever mention that bastard's name in this house again . . . ever… Do you have any idea of what he's done to me . . . to our friends?' As she put it, the Havana casinos 'were the golden lode whence the profits flowed into the Chicago mob's treasury – and into the coffers of other crime families across the country.'[1047] Castro had deprived the Mob of the goose that laid the golden eggs. Now, they wanted revenge.

Conclusion

Though the close relationship between military action and political power has long

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[1042] Ragano and Raab, p. 346.
[1043] *Ibid.*, pp. 48, 51.
[1044] Colhoun, p. 36.
[1045] *Final Assassination Plots Report*, p. 352; Colhoun, pp. 35-36.
[1046] Lacey, p. 258.
[1047] Antoinette Giancano and Thomas Renner, *Mafia Princess: Growing Up in Sam Giancana's Family* (New York: Avon Books, 1989), pp. 9-10, 12-15.

been understood within strategic theory, as we saw in Part One there has long been an insistence that organized crime is something else entirely. Perhaps more clearly than any other single episode studied here, the period of Fulgencio Batista's political ascendancy in Cuba between 1933 and 1958 shows that this is not necessarily always so. Governmental power in Cuba in that period derived not just from military sources and political action, but also from the strategic organization of crime.

Batista's path to power did indeed start with the development of influence and authority in the Cuban military, but then ran through canny manipulation of corruption and patronage, buttressed by a sophisticated approach to communication. As Cuba's strongman he regulated and controlled competition between Cuba's relatively autonomous sugar barons, his Palace emerging as a court in which their networks competed for patronage and access to criminal rents. The Mob provided a significant, independent source of criminal expertise and capital that helped him develop this system in size, sophistication and reach, tying a broad range of interests into his governmental project.

When the US intervened to remove Batista from the Cuban political scene in 1944, the patronage networks that had grown in Batista's shadow were deprived of their protection. A period of strategic competition for governmental power, known as *gangsterismo*, followed. Only with Batista's reinsertion into Cuba's governmental marketplace in the 1950s was stability re-established, at which point Batista reinstated the system he had previously relied upon. This time, however, he super-charged it through aggressive pursuit of economic growth in sectors offering new and larger criminal rents. This was made possible by the use not only of state law enforcement and military institutions, but also the state's economic regulatory institutions, such as BANDES. The governmental joint venture of the 1950s between the American and Havana Mobs soon put the collaboration of the 1930s in the shade. Criminal capabilities were used to govern, and governmental assets in criminal enterprises.

Here was the prototype for an array of subsequent such 'joint ventures' between organized crime and states. The demise of the Havana joint venture is, consequently, potentially highly instructive for contemporary policy makers wrestling with 'mafia states' and other forms of criminal-political 'convergence'.

Some commentators argue that structural inequalities in global markets push marginalized communities into illicit activity, since this is one of the few areas in which they enjoy competitive advantage. The Havana Mob episode makes clear that even if turning a blind eye to illicit activity generates substantial short-term economic growth, it comes at huge social costs likely to outweigh these short-term benefits. BANDES and the gambling economy promoted by Batista and the Mob infected Cuba with a hidden version of what economists call 'Dutch Disease' – skewing the allocation of capital and labour towards the extraction of criminal rents and hollowing out productive sectors of the economy. Everyday Cubans suffered the consequences: under-investment in the rest of the economy, systematic corruption, violence, and inefficient labour and capital pricing. What was worse, most of the rents were not recycled in the economy, but rather looted and sent to safe off-shore accounts. We arguably see this pattern repeated in many contemporary situations where local communities are stuck in a developmental 'crime trap', with kleptocratic ruling elites forming joint ventures with criminal organizations to extract wealth from local resources and illicit trafficking, passing the environmental, social and economic costs on to the community.

The Cuban experience helps to explain why these joint ventures prove fragile over the long run: they undermine their own social legitimacy. The Cuban joint venture between Batista's cohorts and organized crime ultimately undermined the legitimacy of his regime. Once popular confidence failed, the regime was vulnerable to collapse, as the population looked for a new source of governmentality. In Havana, that came in the form of the July 26 movement, led by Castro. In today's Afghanistan, it may take the shape of the Taliban, or in Mali, the shape of Touareg-Islamist insurgency. In the next chapter we consider how the Mob reacted to this unexpected strategic failure in Cuba.

8. The Blue Caribbean Ocean, 1959-1967

'We've been operating a damned Murder Inc. in the Caribbean.'
President Lyndon Johnson[1048]

September 1960, at the Fontainebleau Hotel in Miami. A senior US Central Intelligence Agency official meets with two men – 'Sam Gold' and 'Joe' – contracted for what the official later calls 'a sensitive mission requiring gangster-type action'. The term 'gangster-style' was not accidental. The two men were Sam Giancana and Santos Trafficante Jr., both members of the mafia Commission, both at the time on the FBI's list of the ten most wanted criminals. Their sensitive mission? The assassination of Fidel Castro.[1049]

Over the next three years, the CIA equipped the Mob with cash, radios, guns and even deadly botulinum pills with which to poison Castro. But the Mob also went further. It mounted full-scale transnational armed attacks into Cuba directed at both government and civilian targets. And it helped to organize and finance Cuban governments in exile with the hope that once they were installed in power they would return the Mob to its hidden role in Cuban government. The CIA-Mob collaboration to kill Castro and install an alternative government in Cuba ultimately failed, but not before seemingly impacting other US counter-revolutionary efforts, such as the paramilitary invasion at the Bay of Pigs. And ultimately the costs of these failed collaborative schemes may have been even higher: Lyndon Johnson, Robert F. Kennedy and a US House of Representatives Select Committee all saw signs that the cooperation may have backfired, ultimately killing not the leader of Cuba, but rather the leader of the US – President John F. Kennedy.[1050]

Why was the CIA cooperating with the Mob to begin with? And why would the Mob risk exposing its leadership, networks and organizations to penetration by

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[1048] Max Holland, 'The Assassination Tapes', *Atlantic Monthly*, vol. 293, June 2004, p. 82.
[1049] Howard J. Osborn, 'Memorandum for Director of Central Intelligence', 9 December 1970, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 18.
[1050] *Final Assassination Plots Report*, p. 115; Lawrence Freedman, *Kennedy's Wars: Berlin, Cuba, Laos, and Vietnam* (New York: Oxford University Press, 2000), pp. 243-244; Robert A. Caro, *The Passage of Power: The Years of Lyndon Johnson, Vol. IV* (New York: Alfred A. Knopf, 2012), pp. 577, 585.

the US government for such an operation? This chapter offers an explanation, and explores the potentially major strategic implications of that cooperation.

The first section explores the strategies developed by Mob actors between 1959 and 1963 to wrest back control of Cuba's criminal rents from Castro's revolutionaries, ranging from corrupting Castro's regime to the more coercive methods just described. The second section considers the unintended consequences of the US government's cooperation with the Mob during this period, looking at its relationship to the failed American invasion at the Bay of Pigs, the Cuban Missile Crisis, and the assassination of President John F. Kennedy. The third part of the chapter considers the Mob's reaction once its removal from Cuba sank in – including an attempt to use force to install itself in Haiti; and a much more effective and enduring scheme in The Bahamas.

Drawing particularly on original archival research in declassified CIA files and Congressional testimony in the US National Archives in College Park, Maryland, this chapter shows the Mob leadership learning from strategic failure. It also suggests the emergence of a new approach by the Mob to position itself in the governmental market, based not on jostling with rival organizations for advantage in a crowded market, but instead adopting what business management literature calls a 'blue ocean strategy' to find or create a new, uncrowded market.[1051] As W. Chan Kim and Renee Mauborgne, the originators of blue ocean strategy theory explain, this involves reconstructing the value chain (and industrial space), rather than competing within existing parameters through product differentiation or over cost.[1052] In this chapter, we see the Mob striking upon just such an approach: rather than compete with other criminal organizations or political parties for governmental power, it learned that it could create entirely new governmental spaces to dominate. It could not only react to strategic opportunities as they arose, but carve them out for itself. As Kim and Mauborgne put it, 'strategy can shape structure'.[1053]

[1051] W. C. Kim and Renée Mauborgne, 'Blue Ocean Strategy', in Harvard Business School Publishing Corporation ed., *HBR's 10 Must Reads On Strategy* (Cambridge MA: Harvard Business Review, 2004/2011), pp. 123-142.
[1052] See further W. Chan Kim and Renee Mauborgne, *Blue Ocean Strategy: How to Create Uncontested Market Space* (Boston: Harvard Business School Press, 2005).
[1053] W. Chan Kim and Renee Mauborgne, 'How Strategy Shapes Structure', *Harvard Business Review* (September 2009), pp. 73-80.

‘A gangland style killing’

Accommodation or confrontation?

When Fulgencio Batista fled Cuba on New Year’s Eve of 1958, the damage they had sustained suddenly dawned on Mob leaders. On 5 January 1959, even before Castro reached Havana, Lansky desperately began trying to cut a deal. ‘All we know now is that there is a new government in power,’ Lansky told the *Times of Havana*. ‘We want to do everything possible to cooperate with it.’[1054] Santo Trafficante Jr. provided Castro’s officials gifts and free sex at his Sans Souci nightclub, even offering to assist Cuban intelligence (G-2) operations in the US. An unpublished US intelligence report in the US National Archives suggested it was Castro himself who nixed the idea, punning ‘*O es demasiado santo, o demasiado traficante*.’ (He is either too much of a saint, or too much of a trafficker.)[1055]

Arriving in Havana, Castro warned that he would ‘clean out all the gamblers who used the influence of Dictator Batista’s regime to build an empire here’. Most of the casinos in Havana suspended operations.[1056] But when casino closings generated street demonstrations by laid off workers, Castro proved more pragmatic. In mid-February 1959 he allowed casinos to reopen, serving foreigners only, and under tightened state controls.[1057] By May, short on income, the new regime began heavily taxing casinos and seizing private assets.[1058] In early June, under pressure from the US government, the Cuban authorities detained numerous Mob figures, including Meyer Lansky’s brother, Jake, and Trafficante himself.[1059] Negotiations between Castro and Trafficante continued, with Trafficante leaving immigration detention to attend his daughter’s wedding at the Havana Hilton.[1060] Several sources

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[1054] ‘Casino Bigwigs Still in Town’, *Times of Havana*, 5 January 1959.
[1055] Tangel, ‘Activities of Top Hoodlums’; CIA, ‘Memorandum for the Record, Subject: Traces on Santos TRAFFICANTE’, n.d. March 1977 and Chief of Station, JMWAVE to Deputy Chief, WH/SA, ‘Debriefing of Sal Morgan’, 16 July 1964, both in JFKARC, RG 233, HSCA, JFK Taskforce, Box 34, Folder 12.
[1056] Colhoun, p. 41.
[1057] ‘Castro’s Cabinet Off at Full Speed: Restores Casino Gambling’, *N.Y. Times*, 18 February 1959, p. 16; ‘Cuba: The mob is back’, *TIME*, 2 March 1959; and see Trafficante’s testimony to Congress referred to in *Final Assassination Plots Report*, p. 353.
[1058] English, pp. 310-311; Ragano and Raab, pp. 49-53; Lacey, pp. 252-255.
[1059] Dr Jorge A. de Castoverde to H.J. Anslinger, 15 November 1959, NARA, RG 170, DEA OEPC, Box 7, 0660 Cuba, In-Confidence, Book #5 June thru 1959, p. 21; Hunt, ‘Castro’, p. 21.
[1060] ‘Debriefing of Sal Morgan’; Colhoun, p. 43; ‘Cuban Police Take Trafficante to Daughter’s Wedding’, *Miami Herald*, 22 June 1959.

appear to corroborate that one visitor to Trafficante was a young hoodlum, Jack Ruby (about whom more later), trying to sell jeeps to Castro in return for Trafficante's release.[1061] By early 1960, all of the Mobsters had indeed been released. Trafficante's nightclub, the Sans Souci, struggled on, tending to the few tourists not scared off by the Revolution. But the heady days of the Mob's Cuban gambling empire were over.[1062] While Castro remained in power, Mob leaders began to recognize, those golden days could not be revived. If corruption would not produce the sought accommodation, perhaps they would have to turn to other methods – such as coercion and confrontation.

Elements of the two Mobs – from America and Havana – began organizing a military counter-attack on Castro. The Havana Mob had reassembled in Florida, using looted Cuban funds to set up in Miami's hotel industry. A syndicate comprising Batista, his brother-in-law (General Fernández) and the former head of the Cuban National Police bought Miami's Biltmore Terrace Hotel, installing Norman Rothman, a Mobster close to both Trafficante and Lansky, as the new hotel manager.[1063] Lansky – who had lost perhaps more, financially and politically, as a result of the Cuban Revolution than any other Mob leader – pushed for a Mob counter-attack. It was not entirely new territory for him. He had been intimately involved in the Mob's support to the US invasion of Sicily, and after the UN voted in 1948 to partition Palestine, he had quietly helped the Haganah (the Israeli paramilitary organization) with fund-raising and arms-brokering in America.[1064]

The Biltmore soon became an informal planning headquarters. Rothman and other Mobsters brokered access to money, arms and explosives. Mob-hired pilots, including Roland Masferrer – Castro's *gangsterismo* rival, and later Batista's enforcer – began air raids into Cuba from the Yucatan Peninsula in Mexico. They burned sugarcane fields and attacked sugar mills in Cuba, hoping to destabilize the

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[1061] *President's Commission Report*, pp. 369-370; *Final Assassination Plots Report*, pp. 152-155; Colhoun, pp. 45-47.
[1062] English, p. 317; Lacey, p. 258.
[1063] CIA, 'Fernandez, Miranda', 3 July 1959, and 'Rothman, Norman', 3 July 1959, and 'Memorandum for the Record, Subject: Norman Rothman', 10 July 1961, all in JFKARC, RG 233, HSCA, Segregated CIA Collection, Printed Microfilm, Box 43, Reel 16, Folder 21.
[1064] Lacey, p. 163; Eisenberg et al., p. 295; Uri Dan, 'Meyer Lansky Breaks His Silence', *Ma'ariv*, 2 July 1971.

Cuban economy and swing public opinion against Castro.[1065]

The US government was aware of these transnational military operations – and took no steps to stop them. By October 1959, Castro was openly condemning the US government for complicity in international 'terror' attacks.[1066] Yet the attacks also failed to draw the hoped for results. There were few signs of disorder or rebellion in Cuba. The Mob began to realize that a bigger push might be needed – and that this would require more active cooperation with the US government. Lansky met secretly with the FBI in Miami to try to motivate government action by warning of Castro's leftward turn. Lansky 'held himself out as a historian', the FBI agents recalled, showing an 'excellent grasp of political science, current and past'. He warned that 'the time was ripe for communist factions to entrench themselves' in Castro's government, and, seeking to make common cause, suggested using Mob contacts within Cuba to assist the US government.[1067] His entreaties had no immediate effect; and if anything the attacks in Cuba seemed to be helping Castro rally support for the Revolution. By the summer of 1960, the Mob and exiled Cuban leadership decided to take a more direct approach, striking at Castro directly, and began engaging in their own assassination plotting.[1068] One plot involved using one of Castro's lovers to poison him.[1069] Another plot involved using Juan Orta, the head of Castro's executive office, secretly on Trafficante's payroll, to bomb Castro's office.[1070]

Who would replace Castro, if the assassination efforts succeeded? Lansky

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[1065] SAC, Miami to Director, FBI, 'Roberto Fernandez Miranda', 26 October 1960, JFKARC, RG 233, HSCA, Norman Rothman, Box 4; CIA, 'Rothman, Norman', 25 April 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 34, Folder 1; Colhoun, pp. 48-56.
[1066] Colhoun, p. 66.
[1067] 'Confidential Report', 3 December 1959, Field Office File No. MM 92-102, in FBI 'Vault', Meyer Lansky collection, FBI File No. 92-2831.
[1068] CIA, 'Security of the Mafia Assassination Plotting', Draft Report ('*CIA Mafia Plot Draft*'), 8 March 1977, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 34, Folder 11.
[1069] John Edgar Hoover, Director, to Director, Central Intelligence Agency, 18 October 1960, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 34, Folder 11; Jerry G. Brown, Deputy Chief, CIA Security Analysis Group to Chief, Security Analysis Group, 'Agency Castro Assassination Plotting', 18 August 1976, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 17; US House of Representatives, Select Committee on Assassinations, 'The Evolution and Implications of the CIA-Sponsored Assassination Conspiracies Against Fidel Castro', March 1979, in *Final Assassination Plots Report*, vol. X, pp. 147-195 at p. 176.
[1070] *CIA Mafia Plot Draft*; 'Testimony of John Roselli', 24 June 1975, JFKARC, RG 46, Church Committee, RIF#157-10014-10001; CIA, 'New Considerations in CIA on Syndicate Operation, Draft', 31 March 1977, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 34, Folder 11; 'Evolution and Implications', p. 173.

pushed the leadership credentials of Manuel Antonio de Varona y Laredo ('Tony Varona'), a former Cuban Prime Minister and Senate President under President Prío Socarras. Lansky invited Varona to his house in Miami and offered him several million dollars to establish a government-in-exile and to pay for a public relations campaign. Varona appears to have accepted. Lansky hired the Edward Moss Agency, a respected Washington D.C. public relations firm with longstanding connections to both organized crime and the CIA. (Moss' secretary and mistress was the sister of the manager of gambling rooms at the Mob-controlled Casino Nacional, Tropicana and Sans Souci nightclubs in Havana.) The Moss agency became a conduit for between $2 and $4 million to be passed from the Mob to the anti-Castro forces over the next couple of years.[1071] All Lansky asked in return was 'that if Varona or his allies should ever come to power in Cuba, the Mafia would be able to re-establish their gambling activities in Cuba.'[1072]

Internationalizing Murder, Inc.

Castro was still, however, firmly in place. The Mob's attempts to dislodge him – first indirect, then more direct – had not succeeded. Nor had they attracted clear support from the US government. In fact it took some time for the Eisenhower Administration to reach the conclusion that they could not work with Castro. A National Security Council briefing on 6 January 1959 noted that 'Fidel Castro has often asserted his desire for friendship with the US'.[1073] A consultative committee of US business interests recommended that the US government recognize Castro's July 26 government, as the US proceeded to the next day.[1074] President Eisenhower, personally sceptical of the Castro brothers' intentions and concerned that the US

[1071] J.S. Earman, 'Memorandum for the Record, Subject: Report on Plots to Assassinate Fidel Castro', 23 May 1967, JFKARC, RG 233, HSCA, Segregated CIA Collection, Printed Microfilm, Box 99, Folder 52, pp. 29-30; 'Evolution and Implications', p. 171.
[1072] Colhoun, p. vii. See U.S. House of Representatives, Select Committee on Assassinations, 'Testimony of Tony Varona in Executive Session', 16 March 1978, JFKARC, RG 233, HSCA, Executive Session Hearings, Box 3, Tony Varona, pp. 7-10; 'Evolution and Implications', pp. 171-173; Earman, pp. 29-30; U.S. Senate, Select Committee to Study Governmental Operations with Respect to Intelligence Activities ('Church Committee'), 'Alleged Assassination Plots Involving Foreign Leaders', in *Interim Report 94-465* (Washington DC: U.S. Government Printing Office), pp. 79-82.
[1073] CIA, 'NSC Briefing – Cuba', 6 January 1959, NARA, RG 263, Records Relating to the Paramilitary Invasion of the Bay of Pigs April 1961, Box 2, Folder 15.
[1074] Embassy in Cuba to Department of State, 6 January 1959, in *Foreign Relations of the United States, 1958-1960, vol. VI, Cuba* (Washington DC: Government Printing Office, 1991), p. 345.

'simply could not afford to appear the bully', at first adopted a studied coolness.[1075] When Castro visited Washington in April 1959, Eisenhower went to play golf at Augusta National in Georgia. Yet as American public perceptions of Castro steadily darkened through 1959, official US reporting began to suggest growing Communist influence in Castro's regime. In May, agrarian reforms threatened to nationalize almost half of the $900 million of US private investment in Cuba. By July the American foreign policy establishment in Washington DC was actively considering how to overthrow Castro.[1076]

On 5 November 1959 Eisenhower secretly authorized efforts to remove Castro from power. The 'Good Neighbour' era was over. By January 1960 the State Department and CIA were working jointly to encourage a change of government in Cuba.[1077] Although President Eisenhower does not appear to have specifically authorized assassination *per se*, the CIA began to explore it as an option.[1078] In late 1959 the CIA attempted to infiltrate two Cuban exiles with a sniper's rifle into Havana, but they were arrested.[1079] Over the next six months, it worked to develop a more sophisticated assassination or disruption capability. Some of the options considered verged on the bizarre: lacing Castro's cigars with an LSD-like substance so that he would make a public spectacle of himself; using thallium salts to make his beard fall out, undermining his *macho* persona.[1080] By mid-March 1960, the intelligence community had concluded that it would be difficult to take Castro, his brother Raúl and the key adviser Che Guevara out in one 'package', as might be necessary to achieve regime change. High-level attention turned away from the assassination plotting to a broader paramilitary effort to topple the whole regime,

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[1075] President Dwight Eisenhower to Prime Minister Harold Macmillan, 11 July 1960, NARA, RG 59, Bureau of Inter-American Affairs, Special Assistant on Communism, Box 4, Folder Cuba.
[1076] 'Testimony of William Atwood', 10 July 1975, JFKARC, RG 46, Church Committee, Box 25, Folder 1; J.C. King to DCI via Deputy Director (Plans), 'Cuba Problems', 11 December 1959, JFKARC, RG 263, LA Division Work Files, Box 4, Folder WFO5-F1; Colhoun, pp. 60-61.
[1077] 'Memorandum of Discussion at Department of State – Joint Chiefs of Staff at the Pentagon', 8 January 1960, in *FRUS, 1958-1960, Vol. VI, Cuba*, pp. 732; 'Memorandum, NSC Meeting, 14 January 1960) in *ibid*., pp. 742-743.
[1078] Church Committee, pp. 109-116.
[1079] 'Testimony of L. Fletcher Prouty', n.d., JFKARC, RG 46, Church Committee, Box 26, Folder 4 (1975); Associated Press, 'CIA Plot to Kill Castro Described', *N.Y. Times*, 30 April 1975, p. 9.
[1080] Chief, WHD, to Chief of Station, Havana, 'Use of Biological/Scientific Techniques to Undermine the Castro Regime', 6 January 1960, JFKARC, RG 263, LA Division Work Files, Box 4, Folder WF05-F1; J.C. King, 'Cuba Problems', *supra*; Earman, pp. 10-13; Church Committee, p. 92.

authorized in January 1960 by the National Security Council's Special Group.[1081]

On 17 March 1960 President Eisenhower approved a secret $4.4 million paramilitary programme on Cuba, expected to be operational later that year. This effort would ultimately conclude in disaster at the Bay of Pigs in April 1961. The basis of the Eisenhower administration's confidence in the CIA's ability to sponsor a covert paramilitary invasion was the Agency's earlier success in similar enterprises in Iran in 1953 and Guatemala in 1954 (the failure to displace Sukarno in 1958 conveniently forgotten).[1082] Copying the Guatemala template, the US aimed in Cuba to mount a propaganda campaign via short-wave radio, then land 100-150 exile commandos who would connect with a clandestine 'intelligence and action organization' that would be set up inside Cuba. The organization would cut its teeth through acts of economic sabotage, which would combine with a US embargo of the island to disrupt Cuba's economy and undermine military and popular support for Castro, just as such policies had undermined support for Árbenz in Guatemala. Once Castro was knocked out, a US-backed government-in-exile would be installed.[1083]

By mid-1960, the US government was thus engaged in developing several different ways of removing Castro – assassination, sabotage and transnational paramilitary attack stoking popular unrest – each of which overlapped with the limited efforts already being rolled out by the American and Havana Mobs. Over the next few months it proved to be a short step for the CIA from adopting the same ways as the Mob to sponsoring the very means being offered by the Mob.

Having failed to develop an effective in-house assassination capability, the CIA began to consider its options to purchase one off the shelf.[1084] The Agency recognized that it shared a strategic objective with the Mob: Castro's elimination.[1085] And the Mob, it considered, might have the means it lacked – intelligence assets in Cuba, effective lines of communication into Cuba, and

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[1081] Church Committee, p. 93; Colhoun, p. 72.
[1082] Freedman, *Kennedy's Wars*, p. 125.
[1083] 5412 Committee, 'A Program of Covert Action Against the Castro Regime', 16 March 1960, *FRUS, 1958-1960, Vol. VI, Cuba*, pp. 850-851; 'Memorandum of Conference with the President', 17 March 1960, in *ibid.*, p. 861; Colhoun, pp. 73-74.
[1084] 'Testimony of William Harvey', 25 June 1975, JFKARC, RG 46, Church Committee, Box 36, Folder 1; 'Alleged Assassination Plots', p. 74.
[1085] 'Alleged Assassination Plots', p. 178.

potentially the capability to project force into secure locations within Cuba.[1086] As a later US Senate Select Committee investigation – the Church Committee – put it, 'underworld figures were relied upon because it was believed that they had expertise and contacts that were not available to law-abiding citizens'.[1087]

Of course, this raised sensitive questions of complicity with organized crime – sensitivities of which the CIA was well aware. As a CIA official told Congress in 1975, 'We weren't proud of this thing.'[1088] Indeed, ever since, the CIA officials involved have insisted that 'only a small group' within the Agency, perhaps six people, was briefed. However, a 1967 internal CIA Inspector-General's report, not shared with Congress until many years later, made clear that the true number of CIA officials briefed was probably closer to twenty.[1089] This likely included the Director of Central Intelligence (DCI), Allen Dulles.[1090] But not others. Senior government decision-makers, including those involved in planning the US's paramilitary efforts against Castro, were never explicitly briefed on the effort.[1091]

Close examination of the historical record suggests that collaboration was an idea developed by a group of CIA officials who had prior Mob contacts, well *before* the project was cleared by DCI Dulles – but *after* the Mob efforts were already under way.[1092] Why would the Mob seek US government involvement? Was there not a risk of government penetration or prosecution for this, or other criminal activities? The short-term motivation was clearly not pecuniary. The US government did ultimately promise the Mobsters involved at least $150,000 if Castro was eliminated – but the Mob refused the offer.[1093] It was not interested in money (and this was, anyway, peanuts, for the Mob). Instead the Mob appears to have seen two strategic benefits: access to the political and military resources not

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[1086] Sheffield Edwards, 'Memorandum for the Record', 14 May 1962, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 18; Osborn, 'Memorandum for DCI'; 'Alleged Assassination Plots', p. 74; Earman, pp. 14-20, 29, 31.
[1087] 'Alleged Assassination Plots', p. 257.
[1088] 'Testimony of Howard J. Osborn', 28 August 1975, JFKARC, RG 46, Church Committee, Executive Session Hearings, RIF #157-10002-10150, at p. 15.
[1089] Earman, pp. 35-36, 55.
[1090] 'Alleged Assassination Plots', pp. 91-92.
[1091] Earman, pp. 17-18; Osborn, 'Memorandum'; Edwards, 'Memorandum for the Record'; John S. Hunt, Security Analysis Group to Director of Security, 23 May 1975, and Charles W. Kane, Director of Security, 'Memorandum for Inspector General', 22 May 1975, both in JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 18.
[1092] 'Alleged Assassination Plots', p. 97.
[1093] Earman, pp. 16-17.

just to kill Castro but to install and protect a more favourable Cuban government; and CIA protection from US law enforcement for the Mob's other activities at home.[1094] Mobsters involved in the plot to kill Castro successfully blackmailed their way out of US federal prosecution, deportation proceedings and possibly even Congressional subpoena throughout the 1960s by threatening to publicly expose the story. The Mob even convinced the CIA to install a bug in a Las Vegas hotel room so that Sam Giancana, the Chicago mafia *capo* at the Fontainebleau Hotel, could spy on his girlfriend; in May 1962 Robert Kennedy ordered the Department of Justice to secretly drop cases against Giancana and other Mobsters resulting from this episode, 'in the national interest'.[1095]

In August 1960, once the idea for cooperation had been approved, the CIA Deputy Director for Plans – the CIA's clandestine service – Richard Bissell tasked an employee with determining if the Agency 'had assets that may assist in a sensitive mission requiring gangster-type action. The mission target was Fidel Castro.'[1096] In mid-September 1960, while Castro was visiting New York for the UN General Assembly, the CIA met at the Plaza Hotel with Johnny Roselli, a Giancana lieutenant.[1097] Roselli 'agreed to connect' the CIA to 'Sam Gold' – Sam Giancana, his *capo*. Giancana, Roselli explained, could connect the CIA's frontman and his 'Wall Street backers' to Cuban exiles who would carry out the job.[1098] The CIA met several times in September and October 1960 in Miami with Roselli, 'Sam Gold', Cuban exiles and an 'interpreter' named 'Joe'.[1099] This was Santo Trafficante, Jr. – like Giancana, one of the US Department of Justice's Top Ten Most Wanted Criminals at the time. Like Genovese in Sicily, his role was not just to

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[1094] Compare *Final Assassination Plots Report*, p. 114.
[1095] Osborn, 'Memorandum', pp. 3-4; Earman, pp. 59 et seq.; Stanton F. Ense, Deputy Director of Security, to Associate Deputy Director for Administration, 6 June 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection; 'Alleged Assassination Plots', pp. 77-79, 97, 131; 'Evolution and Implications', p. 153; *Final Assassination Plots Report*, pp. 114-115.
[1096] Brown, 'Agency Castro Assassination Plotting'. See 'Testimony of John Roselli'; Earman, p. 14; 'Alleged Assassination Plots', p. 74.
[1097] Earman, p. 15; 'Testimony of John Roselli', pp. 10-11; CIA, 'Robert A. Maheu', n.d., JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 44, Folder 1. See also Newark, *Lucky Luciano*, pp. 84-85; Davis, Pt V, p. 36.
[1098] 'Testimony of John Roselli'; Osborn, 'Memorandum'; Earman, pp. 14-17; Edwards, 'Memorandum for the Record'; FBI, 'Anthony James Balletti, et al.', 22 May 1961, JFKARC, RG 233, HSCA, Pike Committee, Box 1; 'Testimony of Ralph Salerno', in *Final Assassination Plots Report*, pp. 456, 460-461; 'Alleged Assassination Plots', pp. 74-77.
[1099] 'Testimony of Santos Trafficante', 28 September 1978, in *Final Assassination Plots Report*, p. 357; 'Evolution and Implications', pp. 168-169.

interpret between English and Italian, but to connect the state with underworld governmental capabilities in the exiled Havana Mob.

The CIA proposed to the Mobsters that Cuban exiles carry out 'a gangland style killing', i.e. a fusillade, killing Castro inside Cuba. The Mobsters responded that it would be impossible to recruit someone to do the job, given the low chance of escape. Instead they proposed poison.[1100] The CIA had been experimenting for several months with different delivery vehicles to poison Castro – cigars, tea, coffee, bouillon – and a variety of toxins.[1101] Giancana indicated that if the CIA supplied pills, the Mob would pass them to a contact inside Cuba – in fact Juan Orta. As we have seen, the Mob was already working independently with Orta to kill Castro, even before the CIA became involved – though they did not mention this to the CIA.[1102] A little-noticed secret 1967 CIA internal review concluded that the CIA

> found itself involved in providing additional resources for independent operations that the [mafia] syndicate already had under way… In a sense CIA may have been piggy-backing on the [mafia] syndicate … supplying an aura of official sanction.[1103]

Within weeks of meeting with the CIA, Sam Giancana was boasting to other Mobsters that 'Fidel Castro was to be done away with … in November', and that he 'had already met with the assassin-to-be on three occasions' at the Fontainebleau Hotel.[1104] But technical glitches meant that the CIA did not deliver the poison pills to the Mob until February 1961.[1105] Unbeknownst to the CIA, Orta meanwhile lost his Prime Minister's office position. This showed just how weak the command and control mechanism for this sensitive venture really was: 'while the Agency thought the gangsters had a man in Cuba with easy access to Castro, what they actually had was a man disgruntled at having lost access'.[1106]

[1100] Earman, pp. 17-19, 24-25; CIA, 'Memorandum for the Record, Subject: Santos Trafficante', 24 July 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 18; CIA, 'Analysis of CIA-Mafia Assassination Plotting', n.d., JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 21, Folder 23; 'Alleged Assassination Plots', pp. 79-80.
[1101] 'Chronology of Castro Assassination', n.d. 1976, JFKARC, RG 46, Church Committee, Box 37, Folder 3; Earman, pp. 20-24; Colhoun, p. 87.
[1102] Osborn, 'Memorandum', p. 2; see also Earman, p. 25; and CIA, 'Memorandum for the Record, Subject: Santos Trafficante'.
[1103] CIA, 'New Considerations'. Compare *Final Assassination Plots Report* at p. 114.
[1104] Hoover to DCI, *supra*.
[1105] Earman, pp. 27-28; Osborn, 'Memorandum', p. 3; CIA, 'New Considerations'; 'Alleged Assassination Plots', p. 80.
[1106] Earman, p. 28.

Seeking protection

By the time Kennedy took power in early 1961, the prospect of confrontation between the US and Cuba had increased considerably, and taken on broader geostrategic implications. The Mob was becoming a chess piece – though perhaps not simply a passive pawn – in the larger Cold War game.

Cuban exile commando attacks through 1960, backed in part by Mob money and arms, provoked only a closing of ranks in Castro's regime, with leftists installed in important administrative positions and more liberal voices in the media being closed down. By mid-1960, the US found itself without allies in Cuban politics. The US moved steadily towards coercive policies. In turn, Castro began to seek Soviet protection from American belligerence. In February 1960 Cuba and the USSR agreed a 5-year trade and investment deal. By May, Soviet crude oil was being delivered to Cuba.[1107] The Eisenhower Administration leaned on Esso, Texaco and Anglo-Dutch Shell not to refine the Soviet oil, and blocked sales of Cuban sugar to the US.[1108] In response, Cuba started receiving arms shipments from the Soviets. On 9 July, Soviet leader Khrushchev upped the ante, warning the US that the Soviets might provide military support to Cuba in the event of a US invasion. By September, with Soviet strategic backing becoming more certain, Castro moved against US commercial interests in Cuba, nationalizing cattle ranches, oil refineries, sugar mills and banks worth around $1 billion. On 19 October 1960 – around the time the CIA was meeting with the Mob in Miami – the Eisenhower Administration retaliated, imposing an embargo on US trade with Cuba in anything other than food and medicine. The embargo would endure for more than five decades.

Momentum towards confrontation increased with John F. Kennedy's election to the Presidency in November 1960, taking office in late January 1961. Kennedy's position on Cuba had become more hawkish during the election campaign. His initial campaign book, *The Strategy of Peace*, criticized Eisenhower and Nixon for failing to embrace Castro when they had the chance.[1109] But by October 1960, probably after a briefing by Director of Central Intelligence Dulles that highlighted growing ties between Castro and Khrushchev, Kennedy was

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[1107] Colhoun, pp. 78-79.
[1108] *Ibid.*, p. 79.
[1109] John F. Kennedy, *The Strategy of Peace* (New York: Harper & Row, 1960), pp. 132-133.

warning that the Iron Curtain now lay 'ninety miles off the coast of the United States', and asking of Nixon: 'If you don't stand up to Castro, how can you be expected to stand up to Khrushchev?'[1110] On 21 October he called publicly for US government support to Cuban exiles in an effort to overthrow Castro.[1111] As American attitudes became more confrontational, Moscow and Havana quickly drew closer together. Khrushchev and Castro met publicly at the September 1960 UN General Assembly. Soon after, Che Guevara was fêted in Moscow. A strategic partnership that had started as a response to arms-length US paramilitary pressure was now taking on the shape of Cold War confrontation, and in the process radicalizing the Cuban revolution.[1112] The involvement of the Mob, with its own designs and stratagems, was about to become either a major asset or a major liability for the United States.

Subversion and its unintended consequences

What went wrong at the Bay of Pigs?

By the time Kennedy entered office in late January 1961, the CIA's plans for paramilitary intervention in Cuba had evolved considerably. US government planning now called for a full-scale amphibious invasion by a US-trained brigade of Cuban exiles on the south coast, with US air cover. It was still intended to be dressed up as an internal revolt.[1113] But against the backdrop of escalating US-Soviet tensions, the invasion plan now carried greater geopolitical risk. On taking office, Kennedy expressed concern at the high risk of Soviet escalation if the US' hand in the operation were clear.[1114] At his request, the number of US airstrikes on the Cuban air force prior to the landing was reduced. When the invasion began on 17 April 1961, the Cuban air force, which was supposed to have been disabled by airstrikes, was instead quickly able to assert control of the airspace over the Bay of Pigs where the landing was taking place, devastating the paramilitary ground forces

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[1110] 'Kennedy Steps Up Attacks on Nixon', *N.Y. Times*, 16 October 1960, p. 1.
[1111] 'Kennedy Asks Aid for Cuban Rebels to Defeat Castro', *N.Y. Times*, 21 October 1960, p. 1.
[1112] Colhoun, p. 79.
[1113] Freedman, *Kennedy's Wars*, pp. 129 et seq.; Colhoun, pp. 105-106.
[1114] Freedman, *Kennedy's Wars*, p. 131.

and their naval supply lines.[1115] By 19 April the invasion force had run out of ammunition and its remnants surrendered. Kennedy refused requests from the CIA and Joint Chiefs of Staff to send in US forces to rescue the brigade, concerned that it would lead to all out war.[1116] Castro's victory was decisive. 114 Cuban exile commandos died and 1,189 were captured. As both Che Guevara and US intelligence would later assess, the Bay of Pigs strengthened, rather than weakened, Castro's hold on power in Cuba.[1117]

What went wrong at the Bay of Pigs? Lawrence Freedman has demonstrated that the US failure was in no small part the result of the absence of key elements present in the overthrow of Jacobo Árbenz in Guatemala – US air-cover and local military defections.[1118] It also seems possible, however, that one contributing factor was the failure of the CIA's assassination plotting with the Mob. Traditionally, the two efforts have been seen as entirely distinct and unrelated. But there was, it turns out, an overlap in personnel. An unpublished internal CIA analysis located in the US National Archives in Maryland concluded that some of these personnel viewed the assassination plots 'as being merely one aspect of the over-all active effort to overthrow the regime that culminated in the Bay of Pigs'.[1119]

How closely connected were the two plans – and the two failures? There is reason to believe that they were, initially, intended to be complementary – but that the connection between the two was lost as each plan was developed. The invasion planning, in particular, was bent far away from a central initial premise: that the military invasion would coincide with a political shock inside Cuba, something triggering either an uprising or a failure of the Cuban military. Where would that come from? The CIA's assassination planning seems to provide the answer: as a later newspaper article based on CIA sources explained, the original 'intent was to eliminate the Cuban dictator before the motley invaders landed on the island.'[1120] Bissell later told a retired Foreign Service officer that the assassination plan had

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[1115] *Ibid.*, pp. 133-143; Colhoun, pp. 110-116; Hinckle and Turner, pp. 92-97; Maxwell D. Taylor, *Swords and Plowshares* (New York: Norton, 1972), pp. 181-191.
[1116] Colhoun, pp. 111-112; Freedman, *Kennedy's Wars*, p. 143.
[1117] 'Special National Intelligence Estimate 85-61', 28 November 1961, JFKARC, RG 46, Church Committee, Box 32, Folder 6, pp. 642-645.
[1118] Freedman, *Kennedy's Wars*, p. 125.
[1119] Earman, p. 3.
[1120] Jack Anderson, '6 Attempt to Kill Castro Laid to CIA', *Washington Post*, 18 June 1971, p. B7.

been 'intended to parallel' the exiles' landing.[1121] A secret CIA assessment of the mission found that 'Bissell probably believed that Castro would be dead at the hands of a CIA-sponsored assassin before the Brigade ever hit the beach.'[1122] This helps to explain why the CIA failed to alert President Kennedy to the low likelihood that the landing of exiles at the Bay of Pigs would create 'a critical shift of popular opinion away from Castro', as a December 1960 Special National Intelligence Estimate put it.[1123] The CIA may have been expecting that strategic effect to come through other methods – the Mob's assassination efforts. They may have suggested this to Kennedy: a few weeks before the Bay of Pigs landing, President Kennedy commented to his close friend Senator George Smathers that he had been 'given to believe' by the CIA that Castro would be dead by the time of the invasion.[1124]

This also helps to explain the acceleration of the CIA's cooperation with the Mob in early 1961. In March, Roselli, Giancana and CIA officials met again in Miami – ostensibly for a world title boxing match, but in reality to hand over several botulinum pills.[1125] Cuban exiles were to administer the pills via a contact at one of Castro's favourite Havana restaurants.[1126] The CIA also provided $18,936.65 for expenses.[1127] Roselli told his CIA handler soon afterwards that the pills had been placed in Cuba, but the attempt had failed. Various explanations have been offered as to why. One possibility is that the 'go signal' was never passed via Tony Varona

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[1121] Statement of Richard Bissell to Lucien S. Vandenbroucke, 18 May 1984, noted in the latter's 'The "Confessions" of Allen Dulles: New Evidence on the Bay of Pigs', *Diplomatic History*, vol. 8, no. 4 (Fall 1984), pp. 365-376, at p. 374, n. 33. See also Hinckle and Turner, p. 80.

[1122] 'Michael Warner, "Lessons Unlearned: The CIA's Internal Probe of the Bay of Pigs Affair", *Studies*, vol. 40, iss. 2 (1996), excerpt from confidential CIA journal, NARA, RG 263, Records Relating to the Paramilitary Invasion of Cuba at the Bay of Pigs, April 1961, Box 1, Folder 6, p. 75. Compare Earman, p. 33.

[1123] 'Special National Intelligence Estimate 85-3-60, "Prospects for the Castro Regime", 8 December 1960', in *FRUS, 1958-1960, Vol. VI, Cuba*, p. 1173.

[1124] Michael R. Beschloss, *The crisis years: Kennedy and Khrushchev, 1960-1963* (New York: Edward Burlingame Books, 1991), p. 139; 'Testimony of George Smathers', 23 July 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, RIF #157-10005-10252, esp. pp. 30-32.

[1125] 'Testimony of William Harvey', p. 50; Edwards, 'Memorandum'; Earman, pp. 49-50; 'Alleged Assassination Plots', p. 81.

[1126] Earman, pp. 32-33; Kane, 'Memorandum for Inspector General'; 'Santo Trafficante Testimony before the House Select Committee on Assassinations', 14 November 1977, JFKARC, RG 233, HSCA, Executive Session Hearings, Box 3, Santo Trafficante; 'Santo Trafficante Interview', 1 October 1976, JFKARC, RG 46, Church Committee, Box 44, Santo Trafficante; 'Alleged Assassination Plots', pp. 79-82.

[1127] Ense, *supra*; Charles W. Kane, Director of Security to Inspector General, 'Memorandum', 30 May 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 18; Kane, 'Memorandum for Inspector General', *supra*; Edwards, 'Memorandum'; and Sheffield Edwards to Chief, WH/Division, n.d. June 1961, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 44, Folder 2.

to the agent in Cuba who would have delivered them,[1128] possibly because uninformed US officials had isolated Varona for several days to prepare him to take governmental power after the invasion – a central breakdown in Bissell's coordination of the assassination and Bay of Pigs plans.[1129] Alternatively, the message may have been passed, but the attempt simply failed.

Learning from the Mob?

A week after the Bay of Pigs President Kennedy explicitly recognized that Cold War confrontation would now move into the covert sphere, relying on 'infiltration instead of invasion, on subversion instead of elections, on intimidation instead of free choice, on guerrillas by night instead of armies by day'.[1130] Suddenly, the methods of the Mob looked all the more important. Rejecting Cuban overtures to set up back channel negotiations, President Kennedy tasked his brother Robert, his Attorney-General, with supervising the CIA's Cuba planning, and established an internal panel to come up with new policy options, looking not only at military and paramilitary options, but also other 'activities which fall short of outright war'.[1131]

Covert activity was the focus of this new subversive effort. A report prepared for the Joint Chiefs of Staff considered staging fake Cuban attacks on the US naval base on Guantánamo or on other Latin American countries, or fake Cuban-government terrorist attacks on Cuban exiles in the US, as a trigger for US intervention.[1132] In November 1961, Kennedy established Operation Mongoose, a covert operation intended to stoke a Cuban popular uprising as a pretext for US intervention. At its peak in the summer of 1962, the Miami-based operation involved 600 CIA staff and some 4,000-5,000 contractors running sabotage, infiltration and arms positioning missions into Cuba.[1133] Cuban exiles began calling the CIA the 'Cuban Invasion Authority'.[1134]

[1128] 'Alleged Assassination Plots', p. 83.
[1129] Hinckle and Turner, p. 81.
[1130] *Ibid.*
[1131] Freedman, *Kennedy's Wars*, p. 147; Colhoun, pp. 134-136; Hinckle and Turner, pp. 142-143.
[1132] Brig. General William H. Craig to Chief of Operations, Cuba Project, 'Justification for US Military Intervention in Cuba', 13 March 1962, JFKARC, RG 335, Califano Papers, Box 1, Folder 4; Joint Chiefs of Staff, Decision on JCS, 1969/321, 'A Note by the Secretaries on Northwoods: and "Justification of US Military Intervention in Cuba"', 14 March 1962, JFKARC, RG 218, Central Files, 1962-1963, Box 1.
[1133] Colhoun, p. 160; Hinckle and Turner, p. 124 et seq.
[1134] Hinckle and Turner, p. 46.

Despite the scale of the effort, the CIA concluded that it needed new covert capabilities. Richard Bissell and another senior official, Richard Helms, tasked William Harvey – also charged with leading Operation Mongoose, and already in contact with Roselli – with overseeing a new project codenamed ZR/RIFLE, known informally as 'Executive Action'. This was not to be a specific operation targeted at a particular leader, but rather 'a general stand-by-capability to carry out assassinations' across the Agency's files.[1135] Harvey sought advice from the British Security Service, MI-5, on how to carry out arms-length assassination. They recommended recruiting hit-men from the Sicilian mafia.[1136] Harvey recruited a European professional criminal as an assassin and tasked him with spotting other suitable 'individuals with criminal and underworld connections'.[1137] One potential asset in the Middle East, for example, was 'the leader of a gambling syndicate' with 'an available pool of assassins'.[1138] 'Executive Action' seemed to promise something every clandestine operator – whether state or non-state – sought: an on-call, plausibly deniable, surgical force-projection capability. It was the CIA's answer to Murder, Inc., a 'magic button', as Harvey put it, in the CIA's arsenal: one press and the CIA's enemies would magically drop dead.[1139]

Like many magic tricks, though, it turned out to be a dangerous illusion. One of the hit-men hired through Executive Action was aptly codenamed WI/ROGUE.[1140] 'Rogue' was unleashed in Congo in late 1960 to assassinate Patrice Lumumba, the independence leader who was proving hard to control. But 'Rogue' turned out to be, in the memorable words of the CIA station chief, 'an unguided missile' who 'seemed to act on his own without guidance or authority'.[1141] He was removed from the project. In November 1961, however, despite this warning sign of how hard it would be to control Executive Action assets, Bissell and Helms instructed Harvey to apply Executive Action to Cuba.[1142] Harvey began reactivating

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[1135] 'Testimony of William Harvey', pp. 39-40, 45.
[1136] Peter Wright, *Spy Catcher: The Candid Autobiography of a Senior Intelligence Official* (New York: Viking, 1987), pp. 147, 154-162; Colhoun, p. 147.
[1137] 'Testimony of William Harvey', p. 50; 'Alleged Assassination Plots', p. 189; Jack Anderson, *Merry-Go-Round* (syndicated column), 4 January 1978 (from statements by John Roselli).
[1138] CIA file quoted in 'Alleged Assassination Plots', at p. 182.
[1139] Harvey's notes, including this term, are described in 'Alleged Assassination Plots', at p. 183.
[1140] *Ibid.* pp. 46, 83-84, 103-104, 257; Hinckle and Turner, p. 28; Earman, pp. 25, 41, 46-50; Freedman, *Kennedy's Wars*, pp. 157-158.
[1141] 'Alleged Assassination Plots', pp. 47-48.
[1142] *Ibid.*, pp. 83, 182; Earman, 'Memorandum', pp. 37-40.

the CIA-Mob collaboration, which had been put on hold earlier in 1961. In April 1962 Harvey met again with Roselli, passed him 4 more 'poison pills' and provided explosives, sniper rifles, handguns and a boat radar, encouraging Roselli to work with Varona to infiltrate a team of hit men into Cuba.[1143] Roselli soon reported back that the plans were operational.[1144] For the Mob, this may have been a charade. The CIA had no way to confirm what Roselli told them, and there are signs that Roselli was duping them.[1145] By the summer of 1962 the Mob may in fact have lost interest in getting rid of Castro, and turned its attention to other ventures elsewhere in the Caribbean (discussed below). But the Mob had strong domestic incentives to keep stringing the CIA along, namely protection against prosecution, even as assassination of Castro ceased to be 'a viable option'. [1146]

Many questions have been asked, including by US Congress, about what precisely the Kennedys knew about all these efforts. The answers are highly revealing, because they highlight the extent to which Mob and CIA methods converged – and the affinity between organized crime and covert state action more generally. Neither President Eisenhower nor President Kennedy ever gave a documented, explicit directive to assassinate Castro. Kennedy, on the contrary, took active steps to distance himself from the assassination option.[1147] But both Administrations recognized the importance of 'plausible deniability' in tackling Castro: achieving the result without the US' role being visible.[1148] That was the nature of covert action – and hidden power.

Indeed, both Kennedys were intimately aware of the steps taken by Mob leaders to insulate themselves from knowledge of operational details, once they had given a general order for a hit.[1149] As a US Senator, John F. Kennedy sat on the

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[1143] 'Alleged Assassination Plots', pp. 83-84, 103-104; Earman, 'Memorandum', pp. 25-41, 46-50, 59; 'Chronology of Castro Assassination'; 'Interview with William Harvey', n.d. 1976, JFKARC, RG 46, Church Committee, Box 33, Folder 4; 'HSCA Staff notes from Varona's CIA Security File', 7 March 1978, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 19, Folder 25-31; Hinckle and Turner, p. 137.
[1144] 'Testimony of John Roselli', pp. 32-44, 42-43; Earman, 'Memorandum', p. 51; 'Alleged Assassination Plots', p. 84.
[1145] Earman, 'Memorandum', pp. 48-52.
[1146] *Final Assassination Plots Report*, p. 114; 'Evolution and Implications', p. 178.
[1147] 'Alleged Assassination Plots', pp. 138-139. See also Tad Szulc, 'Cuba on Our Mind', *Esquire*, February 1974, p. 90; and Colhoun, p. 145.
[1148] 'Alleged Assassination Plots', p. 261.
[1149] See FBI, *Mafia Monograph*, Part II, pp. 107-108 – a document Robert Kennedy almost certainly read.

McClellan Committee, the Senate Select Committee that investigated the role of the Mob in US labour racketeering. Robert Kennedy served as chief counsel to that committee, driving its pursuit of Jimmy Hoffa and the Teamsters Union. He worked closely in this investigation with Frank Hogan, the Manhattan District Attorney involved in the Underworld Project, and wrote a best-seller about the McClellan investigation, *The Enemy Within*.[1150] Introducing the first televised Congressional statement by a former Mobster, Joe Valachi, Bobby Kennedy demonstrated a detailed understanding of how Mob leaders covered their tracks when ordering assassinations:

> [B]ecause the members of the [mafia] Commission, the top members, or even their chief lieutenants, have insulated themselves from the crime itself, if they want to have somebody knocked off, for instance, the top man will speak to somebody who will speak to somebody else who will speak to somebody else and order it. The man who actually does the gun work… he does not know who ordered it. To trace that back is virtually impossible.[1151]

The similarity with the 'inherently ambiguous' command and control system for the CIA's Executive Action programme is clear. CIA officials might have planned assassinations without an explicit authorization; but equally,

> this ambiguity and imprecision leaves open the possibility that there was a successful 'plausible denial' and that a Presidential authorization was issued but is now obscured.[1152]

The Kennedy brothers could not have been clearer that the overall strategic objective was Castro's removal from power. After the Bay of Pigs, they both 'chewed out' Bissell in the White House Cabinet Room for 'sitting on his ass and not doing anything about getting rid of Castro and the Castro regime'.[1153] Bobby made clear at a National Security Council subgroup meeting in January 1962 that 'a solution to the Cuban problem' was the President's 'top priority'.[1154] And they also seemed to be dropping hints that they would not be averse to assassination as a method to achieve this goal. In October 1961 the President expressed interest in planning for Castro's being 'unexpectedly removed'.[1155] In March 1962 Bobby

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[1150] Robert F. Kennedy, *The Enemy Within* (New York: Popular Library, 1960).
[1151] Quoted in *Final Assassination Plots Report*, pp. 162-163.
[1152] *Ibid.*, p. 261.
[1153] 'Alleged Assassination Plots', p. 141.
[1154] *Ibid*.
[1155] Secretary of State McGeorge Bundy, 'National Security Action Memorandum No. 100', 5 October 1961, in *FRUS, 1961-1963, Vol. X, Cuba, January 1961-September 1962* (Washington DC:

pushed for 'action' against Castro when he visited a 'shrine' to Ernest Hemingway near Havana.[1156] By October 1962 the planning group Bobby led had decided 'to develop new and imaginative approaches with the possibility of getting rid of the Castro regime'.[1157] At least some in the CIA took such hints to mean that assassination was implicitly authorized – even desired.[1158] The situation was, one Church Committee member suggested, analogous to that in England in 1170 A.D., when King Henry II complained of Thomas Becket, 'Who will rid me of this turbulent priest?'[1159]

When he assumed office and was briefed about what had been going on, President Lyndon Johnson exclaimed simply: 'We've been operating a damned Murder Inc. in the Caribbean'.[1160] CIA officials did not seek specific clarification of the instruction to assassinate Castro because – like mafia *soldati* – they were accustomed to carrying out implicit orders without jeopardizing their superiors' security. Compartmentalization of information was as engrained in the CIA's organizational DNA as it was in the Mob's. CIA official Richard Helms explained:

> I don't know whether it was in training, experience, tradition or exactly what one points to, but I think to go up to a Cabinet officer and say, am I right in assuming you want me to assassinate Castro… is a question it wouldn't have occurred to me to ask.[1161]

Helms was just discharging his role, as he understood it within the prevailing clandestine operators' governmentality: 'I was just doing my best to do what I thought I was supposed to do.'[1162]

CIA officials also appear to have interpreted their instructions as allowing

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Government Printing Office, 1991), p. 659; Thomas A. Parrott, 'Memorandum for the Record', 5 October 1961, in *ibid*., pp. 659-660.

[1156] Brig. Gen. Lansdale, 'Meeting with the President', Memorandum for the Record, 16 March 1962, NARA JFKARC, RG 335, Califano Papers, RIF #198-10004-10020, p. 3.

[1157] 'Minutes of the Meeting of the Special Group (Augmented) on Operation MONGOOSE', 4 October 1962, at National Security Archive, *The Cuban Missile Crisis, 1962: The 40th Anniversary* (Washington DC: George Washington University, 2002), at http://www.gwu.edu/~nsarchiv/nsa/cuba_mis_cri/621004%20Minutes%20of%20Meeting%20of%20Special.pdf, accessed 14 March 2015.

[1158] 'Alleged Assassination Plots', pp. 135, 141, 148-169, 264-266, 274-275; Freedman, *Kennedy's Wars*, p. 150.

[1159] 'Testimony of Richard Helms', 13 June 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Church Committee Records, Box 25, Folder 3, pp. 72-73.

[1160] Holland, p. 82.

[1161] 'Testimony of Richard Helms', 17 July 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Church Committee Records, Box 25, Folder 3, pp. 72-73.

[1162] 'Testimony of Richard Helms', 13 June 1975, *supra*, p. 88.

direct collaboration with the Mob, notwithstanding the absence of explicit authorization to that effect.[1163] CIA officials later explained to Congress that they were not surprised that they had not seen any such explicit authorization, since they assumed that in order to 'protect' the President, the CIA would inform the White House of only the minimum amount of operational detail. '[D]ue to its sensitive and unsavory character, it was not the type of program one would discuss in front of high officials'.[1164]

Bobby Kennedy was certainly briefed that Operation Mongoose would attempt to work with *Cuban* gangsters, and the lead military planner, Lansdale, had previously cooperated with criminal groups in Vietnam.[1165] Kennedy did not protest about the criminal aspect of Mongoose, nor when he was apparently informed by the FBI, on his first day in office, of the Mob's direct collaboration with the CIA.[1166] By May 1961 the Attorney-General also knew that it was Sam Giancana – one of his main domestic organized crime targets – that the CIA was working with in this 'dirty business' against Castro.[1167] He did not order the cooperation shut down: instead he simply insisted the FBI 'follow up vigorously'. That they did. But this only compounded the mess, since the resulting surveillance revealed that the President shared a mistress, Judith Campbell, with Giancana. Campbell had even called the President at the White House from Giancana's house.[1168]

It was not until early May 1962 that the CIA told Robert explicitly that their cooperation with the Mob had aimed at assassinating Castro; but CIA officials

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[1163] 'Testimony of William Harvey', pp. 31-37, 76-78.
[1164] 'Alleged Assassination Plots', pp. 116-118, 135; 'Testimony of Richard Bissell', 9 June 1975, pp. 38, 57 and 'Testimony of Richard Bissell', 11 June 1975, pp. 5-6, both in JFKARC, RG 233, HSCA, Segregated CIA Collection, Church Committee Records, Box 25, Folder 3.
[1165] 'Testimony of Edward Lansdale', 8 July 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Church Committee Records, Box 25, Folder 3, p. 107; 'Alleged Assassination Plots', pp. 143-144, 166-167. On Vietnam see Edward G. Lansdale, *In the Midst of Wars: An American's Mission to Southeast Asia* (New York: Harper & Row, 1972), pp. 147-148, 177, 269-270.
[1166] Robert Kennedy, *The Enemy Within*, p. 307; Director, FBI to Attorney-General, 23 January 1961, JFKARC, RG 233, HSCA, Antonio Varona, Box 1.
[1167] On Giancana see Robert Kennedy, *The Enemy Within*, pp. 240-241. For the FBI briefings given to Kennedy, see J. Edgar Hoover to Attorney-General Ramsey Clark, 'CIA's Intentions to Send Hoodlums to Cuba to Assassinate Castro', 6 March 1957, JFKARC, RG 46, Church Committee, FBI Headquarters records, Box 18; and see S.D. Breckenridge, 'Meeting with Acting Assistant Attorney General', Memorandum for the Record, 21 May 1975, JFKARC, RG 233, Segregated CIA Collection, Box 48, Folder 19; 'Anthony James Balletti, et al.'; 'Alleged Assassination Plots', pp. 126-128.
[1168] 'Alleged Assassination Plots', pp. 129-130; Hinckle and Turner, p. 138; Freedman, *Kennedy's Wars*, p. 158.

claim that they also indicated (wrongly) that these efforts had been terminated back in May 1961.[1169] Again, Robert did not tell the CIA that he would resist such cooperation with the Mob in future. Rather he simply insisted that he must be 'the first to know'.[1170] CIA officials continued to work with the Mob to kill Castro – without specifically informing the Attorney-General.[1171]

The CIA leadership's decision-making logic was highlighted in an exchange between Richard Helms and a member of the Church Committee. A member asked: '[A]s I understand your position on the assassination of Castro, no one in essence told you to do it, no one in essence told you not to do it . . . is that correct?' 'Yes, sir,' Helms replied.[1172] The culture was, in other words, one of 'Don't Ask, Don't Tell'.[1173] The 'Don't Tell' aspect – with its overtones of the mafia's *omertà* – was highly significant. It was not just a policy of passive silence, but active silence. It helps to explain why CIA officials went out of their way to cover their tracks, lying not only to Robert Kennedy but apparently also to the Church Committee about their on-going contacts with the Mob after May 1961.[1174] They were conducting themselves in accordance with an internalized code; they were bound by the covert operators' governmentality. It was a governmentality that Mob actors would recognize, and easily integrate with.

Whether or not the Kennedys specifically set out to copy the Mob, what emerges from this episode is a recognition that the strategic organization and decision-making of the clandestine intelligence and security services of states may be more similar to those of criminal organizations than previously allowed. This is not to say that they have the same strategic goals; but rather similar ways and means. The similarity of the set-ups almost invites inter-operability. This extends to the role of secrecy, compartmentalization of information, and the structure of strategic decision-making. In both cases, trust is paramount, and top leaders must be isolated

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[1169] Earman, 'Memorandum', pp. 41, 43-44, 62a, 64-65; 'Testimony of Richard Bissell', 22 July 1975, JFKARC, RG 233, HSCA, Segregated CIA Collection, Church Committee, pp. 53-62; 'Alleged Assassination Plots', pp. 121-123, 131-132.
[1170] Earman, 'Memorandum', p. 62a; 'Alleged Assassination Plots', pp. 132-133, 259 note 3, 275-276.
[1171] Earman, 'Memorandum', pp. 50 et seq.; Freedman, *Kennedy's Wars*, p. 158.
[1172] 'Testimony of Richard Helms', 17 July 1975, *supra*, p. 92.
[1173] Compare 'Alleged Assassination Plots', pp. 99-105.
[1174] See Earman, 'Memorandum', pp. 41, 43-44, 62a, 64-65; 'Testimony of Richard Bissell', 22 July 1975, *supra*, pp. 53-62; 'Testimony of William Harvey', pp. 71-75, 99-102, 112-114; 'Alleged Assassination Plots', pp. 104-108, 121-123, 133.

from some risky operational information. This is why family members are perfectly placed to serve as the trusted cut-out between political leadership and the covert world. In dealing with the CIA, Robert Kennedy seems to have taken on that role. Brothers and sons regularly play a similar role: Marko Milošević in Serbia, Ousmane Conté in Guinea (Conakry), Uday and Qusay Hussein in Iraq, Wali Karzai in Afghanistan.

Cold War wildcard: the Missile Crisis

If the extent of senior Kennedy Administration approval for the CIA-Mob assassination plots is unclear to us fifty years later with the benefit of hindsight and access to declassified government records, it can only have been doubly unclear for Fidel Castro at the time. As the Church Committee recognized 'it is unlikely that Castro would have distinguished the CIA plots with the underworld from those plots not backed by the CIA.'[1175] And as the House Select Committee pointed out,

> when Castro erred in his assumptions, it was in the direction of attributing more, not less, responsibility for attempts to depose him to U.S. Government actions than might have been merited.[1176]

The CIA-Mob efforts were, after all, consonant with the US' traditionally meddlesome strategic approach to Cuba. The US had not hesitated in the past to escalate arms-length policies of subversion to direct military intervention. Nor, seen from Havana, was there necessarily a clear difference between the CIA collaborating with the Mob to reinstall American gamblers in Havana, and the CIA collaborating with the United Fruit Company to protect American capital in Guatemala. Seen from Havana, the boundary between the US government, business and criminal groups must have been beginning to blur, just as the distinction between Russian business, state and criminal interests blurred for Jim Woolsey decades later. Castro indeed began to describe American diplomats and officials as 'gangsters'.[1177] The CIA's collaboration with the Mob had raised the risk that Castro would mistakenly perceive Mob freelancing as part of a broader US strategy. That made the Mob a dangerous wildcard in the geopolitical confrontation now playing out in the Caribbean.

[1175] *Final Assassination Plots Report*, p. 68.
[1176] *Ibid.*, p. 116.
[1177] English, pp. 328-329.

A major Cold War confrontation seemed increasingly likely as Castro moved rapidly towards the Communist camp in the wake of the Bay of Pigs. In December 1961 Castro proclaimed himself a Marxist-Leninist, with the Cuban state taking control of 90 per cent of industrial output.[1178] With the US rehearsing amphibious landings in the spring of 1962, the USSR and Cuba began to explore a formal defence treaty. Soviet personnel and arms began to arrive in numbers in July 1962. By late August 1962, US intelligence had identified that the Soviets were shipping surface to air missiles (SAMs) to Cuba. The Director of Central Intelligence, McCone, hypothesized that the Soviet leader Khrushchev was risking nuclear war in the belief that if he could secretly put offensive missiles in Cuba that could compensate for the Soviet's huge lag behind the US in production and possession of inter-continental ballistic missiles, and potentially provide leverage that could be used in other global hotspots, including Berlin.[1179] McCone's hypothesis took time to find support in Washington. Others saw the SAMs simply as a deterrent to US military intervention in Cuba, and refused to believe Khrushchev would place nuclear warheads in Cuba.[1180] In fact, by mid-October 1962, 42 medium range ballistic missile launchers, 66 nuclear warheads, 40 MiG jets, nine bombers and 42,000 Soviet troops had reached Cuba.[1181]

The Kennedy Administration continued to search for a covert mechanism to dislodge Castro. But events were quickly overtaking the covert option, especially once US surveillance overflights discovered the Soviet-assisted development of medium-range missile sites in Cuba.[1182] Soviet moves were forcing the confrontation into the open – though earlier than Khrushchev had hoped. The puzzle for the Kennedy administration – which it argued over furiously for days –

[1178] 'Castro Tells Cubans He's Communist', *Washington Post*, 3 December 1961.
[1179] Freedman, *Kennedy's Wars*, pp. 163-164, 172 et seq.; Colhoun, pp. 157-158; Oleg Troyanovsky, 'The Caribbean Crisis: A View from the Kremlin', *International Affairs* (Moscow), nos 4-5 (April/May 1992), pp. 147-157 at p. 148.
[1180] Special National Intelligence Estimate, 'The Military Buildup in Cuba', 19 September 1962, in *FRUS, 1961-1963, Vol. X, Cuba*, pp. 1052-1053, 1070-1080.
[1181] Freedman, *Kennedy's Wars*, pp. 175 et seq.; Colhoun, p. 174; Khrushchev, pp. 502-503, 535-540.
[1182] Dino Brugioni, *Eyeball to Eyeball: The Inside Story of the Cuban Missile Crisis* (New York: Random House, 1991), pp. 210-232; Ernest R. May and Philip Zelikow, eds., *The Kennedy Tapes: Inside the White House during the Cuban Missile Crisis* (Cambridge: Harvard University Press, 1997), pp. 45-53.

was how to win the confrontation without it escalating into nuclear war.[1183] Covert activity was starting to become not just irrelevant, but possibly dangerous: killing Castro was no solution to the larger strategic threat posed by the Soviets, and Castro's death would probably gravely inflame the situation and risk Soviet retaliation in Berlin, leading to nuclear war.[1184] Freelance Mob-backed paramilitary or assassination activities now risked triggering a full-blown nuclear superpower confrontation.

When US intelligence indicated some of the Soviet missiles in Cuba were becoming operational, Kennedy opted for a naval 'quarantine' of Cuba and called on Khrushchev to remove the missiles.[1185] The blockade involved 150 vessels, 250 aircraft and 30,000 mobilized personnel, and the US' Strategic Air Command moved to Defence Condition 2 (DEFCON 2) – one level below nuclear war, the first time this level had been reached. The military prepared in case full-scale invasion of Cuba became necessary.[1186] Amidst this tension, the CIA's Harvey decided to send commando teams to Cuba by submarine, without clearing it with the White House. When the Kennedys got wind of it, they realized the wildcard danger posed by the on-going covert activities. On 26 October the administration formally suspended 'sabotage or militant operations during negotiations with the Soviets'.[1187]

On 27 October, Khrushchev publicly proposed a trade: the Soviets would remove their missiles in Cuba if the Americans would remove theirs in Turkey – and leave Cuba to its own devices.[1188] It took several more days – and near misses – before a deal was agreed.[1189] Kennedy had to resist considerable pressure from his military advisers to launch an attack on Cuba, and Khrushchev had to overcome

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[1183] Freedman, *Kennedy's Wars*, pp. 170-224; Timothy Naftali and Philip Zelikow, eds., *The Presidential Recordings: John F. Kennedy: The Great Crises, Vol. II* (New York: Norton, 2001), pp. 436, 448.
[1184] Naftali and Zelikow, pp. 581-586.
[1185] Freedman, *Kennedy's Wars*, pp. 190-192; Philip Zelikow and Ernest R. May, eds., *The Presidential Recordings: John F. Kennedy, The Great Crises, Vol. III* (New York: Norton, 2001), pp. 91-97.
[1186] Colhoun, p. 185.
[1187] Freedman, *Kennedy's Wars*, pp. 226-227.
[1188] Nikita Khrushchev to John Kennedy, 27 October 1962, in *FRUS, 1961-1963, Vol. XI, Cuban Missile Crisis*, pp. 257-260.
[1189] Freedman, *Kennedy's Wars*, pp. 212-214.

similar belligerence from Castro.[1190] Even after the deal was done, Castro complained that while the US might formally guarantee Cuban sovereignty, it could continue to attack him through 'piratical', mercenary and criminal proxies.[1191] In order to be seen to honour its promise of non-intervention, the US government moved towards a policy of supporting exile groups only where they operated from outside the US. Both Operation Mongoose, which had supported exile groups' operations from inside the US, and the cooperation with Mob were finally shut down.[1192]

This was not, however, the end of the Mob's attempts at transnational subversion. Instead, the withdrawal of American government sponsorship led some American mafiosi and Cuban exiles to create another government-in-exile which they would seek to install in Cuba through their own independent use of force.[1193] The main Cuban partner was the *Junta de Gobierno de Cuba en el Exilio* (Junta for the Government of Cuba in Exile – JGCE), an umbrella group that included Prío Socarras, veterans of the Bay of Pigs, and a network of Cuban exile groups coordinated by Paulino Sierra Martinez. A consortium of Las Vegas-linked Mobsters offered Martinez up to $30 million to fund these groups, in return for the reestablishment of the mafia's 'gambling colony' in Cuba after Castro was removed.[1194]

Sierra Martinez's networks, operating from Central America, made considerable operational progress in 1963, emerging as potential spoilers of the

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[1190] James G. Blight, Bruce J. Allyn and David Welch, *Cuba on the Brink: Castro, the Missile Crisis, and the Soviet Collapse* (Lanham MD: Rowman & Littlefield, 2002), pp. 73, 252-253, 360-364, 478, 481-484; Dobrynin Cable to the USSR Foreign Ministry, 27 October 1962, in National Security Archives, *The Cuban Missile Crisis, 1962: 40th Anniversary* (Washington DC: George Washington University, 2002), at http://www.gwu.edu/~nsarchiv/nsa/cuba_mis_cri/621027%20Dobrynin%20Cable%20to%20USSR.pdf, accessed 14 March 2015.
[1191] Colhoun, p. 196.
[1192] William Harvey to DCI, 'Operational Plan for Continuing Operations Against Cuba', Draft, 27 November 1962, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 34, Folder 9; *CIA Mafia Plot Draft*; George McManus, 'Memorandum', 5 November 1962, JFKARC, RG 46, Church Committee, Box 26, Folder 1; 'Alleged Assassination Plots', pp. 84-85.
[1193] *Final Assassination Plots Report*, vol. X, pp. 93-101.
[1194] FBI, 'Paulino Sierra', Memorandum, 4 June 1963, and FBI, Director to SACs, 'Paulino Sierra', 23 May 1963, and CIA, JM/WAVE to HQ, 'Paulino Sierra', Cable, 14 November 1963 are all in JFKARC, RG 233, HSCA, Paulino Sierra, Box 1; CIA, 'Gambling Interests of Paulino Sierra', Information Report, 12 September 1963, and CIA, 'Paulino Sierra and the JGCE', 20 November 1963 are in JFKARC, RG 233, HSCA, Subject file JGCE, Box 1. See also *Final Assassination Plots Report*, pp. 98-100; Colhoun, p. 204.

fragile truce. In mid-March 1963 the Alpha 66 group, a member of Sierra Martinez's coalition, mounted attacks on Soviet vessels and several Soviet installations in Cuba. The Kennedy Administration immediately distanced itself from the attacks, but the Soviets protested loudly.[1195] In August 1963, members of Sierra Martinez's network organized an aerial bombing of a sugar mill in Camaguey in central Cuba.[1196] Yet Sierra Martinez proved unable to sustain support for these operations within the fractured Cuban exile community, and they slowly folded.

Santo Trafficante Jr. also returned to the fray, financing operations and brokering access to arms. A planned air raid on the Shell Oil refinery near Havana, planned by Trafficante associate Michael McLaney, was broken up by US authorities. The FBI also seized 2,400 pounds of dynamite and twenty bomb casings in a farmhouse owned by McLaney's brother.[1197] The CIA was made aware of some of these plans – but told the Mob this time around that 'it would not provide assistance'. Once again, no mention was made of preventing the Mob activities, however.[1198]

This may have represented a deeper recognition within the Kennedy Administration concerning the limited strategic utility of subversion. The US naval blockade against Cuba that had forced the resolution of the Missile Crisis had offered, said General Maxwell Taylor, a 'classic example of the use of military power for political purposes'.[1199] As Deborah Shapley writes, 'The object [of the blockade] was not to shoot anybody but to communicate a political message to

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[1195] Freedman, *Kennedy's Wars*, pp. 230-231.
[1196] Robert J. Dwyer, 'Anti-Fidel Castro Activities', FBI report, n.d. October 1963, JFKARC, RG 46, Church Committee, Box 31, Folder 3; 'MIRR', FBI report, 3 September 1963, and 'Overflights, Raids and Support of MIRR', CIA cable, 14 September 1963, and 'Identity of Aircraft Dealer', CIA cable, 12 September 1963 are in JFKARC, RG 233, HSCA, Subject file MIRR, Box 1; Labadie, *supra*; Lacey, pp. 306-307.
[1197] 'Re: Alleged Plot to Bomb Shell Oil Refinery', FBI memorandum, n.d., and 'Memorandum to Attorney-General: Alleged Plot to Bomb Shell Oil Refinery', FBI memorandum, 18 June 1963, are in JFKARC, RG 233, HSCA, Lake Pontchartrain, Box 1; CIA Philadelphia Field Office, 'Michael McLaney', 22 November 1960, JFKARC, RG 233, HSCA, Segregated CIA Collection, Printed Microfilm, Box 31, Folder F; and SAC, Miami to Director, FBI, 'ECA', FBI memorandum, 30 October 1963, in FBI, The Vault, Santo Trafficante Files. See also W.R. Wannall to W.C. Sullivan, 'ECA', 1 November 1963, NARA, JFRKARC, RG 233, HSCA, Santo Trafficante, Box 6; Dwyer, 'Anti-Fidel Castro Activities', *supra*; Lacey, pp. 291-292, 323; English, pp. 269-270; Colhoun, p. 220.
[1198] 'Testimony of John Roselli', p. 42.
[1199] Taylor, *Swords and Plowshares*, p. 280.

Khrushchev.'[1200] The signal to the Mob that the government would no longer cooperate with it on Cuba may have reflected a realization that traditional military forces, with their finely honed command and control arrangements, were better calibrated for conveying such political messages than covert operations carried out through criminal proxies at arms length. Criminal groups, it turned out, had their own political and military strategies – and their own, unpredictable strategic effects.

Did the Magic Button backfire?

It may be the case that the most unpredictable of these effects was felt not in the Caribbean, but at home. Warnings to the US government about the costs of collaboration with the Mob were early and frequent. In January 1961, a US Assistant Secretary of Defense warned the Eisenhower administration of a 'serious impact upon United States prestige throughout Latin America' if the Castro assassination efforts became known.[1201] FBI Director J. Edgar Hoover warned Bobby Kennedy of domestic political blowback.[1202] William Harvey warned his CIA superiors of the 'very real possibility' that the mafia would blackmail the CIA, as indeed it did.[1203] No-one warned, however, about what would happen if Frankenstein's monster turned on its former master.

In *The Enemy Within*, Bobby Kennedy had called for a 'national scale attack' on organized crime.[1204] When he became Attorney-General, he mounted that attack. Department of Justice indictments rose from 35 in the last year of the Eisenhower administration to 121 in Bobby's first year as Attorney-General, and 615 in 1963 (his last).[1205] His campaign was conclusively establishing the existence, structure and activities of the mafia Commission, and the mafia's 'deep-rooted and extensive record of political activism'. It caused 'deep frustration' amongst Mob leaders at the

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[1200] Deborah Shapley, *Promise and Power: The Life and Times of Robert McNamara* (Boston: Little Brown, 1993), p. 176.
[1201] Graves B. Erskine, 'Memorandum for the Record', 10 January 1961, JFKARC, RG 233, HSCA, Antonio Varona, Box 1.
[1202] Director, FBI to Attorney-General, 23 January 1961, *supra*.
[1203] 'Testimony of William Harvey', pp. 67-68; David Belin, 'Interview with William King Harvey', Rockefeller Commission Memorandum to File, 10 April 1975, and 'Excerpt of Interview with William Harvey, 1976' both in JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 21.
[1204] Kennedy, *The Enemy Within*, p. 253.
[1205] See JFK Exhibit F-551 in U.S. House of Representatives, Select Committee on Assassinations, *Hearings*, 95th Congress, 2nd Session (Washington DC: Government Printing Office, 1979), vol. V, p. 435; 'Staff and Consultant's Reports on Organized Crime' in *ibid*., Appendix, Vol. IX, pp. 11-14; Raab, p. 153.

disruption of 'their long-established connections with the political establishment'.[1206] Federal investigations and prosecutions had broken through the wall of *omertà*. Six weeks before President Kennedy was killed in November 1963, Joe Valachi became the first Mob insider to testify before Congress, live on television, introduced by Bobby Kennedy himself. When Mob leaders discovered government bugs in their Las Vegas casino counting-houses, further suspicion and distrust was sown in Mob ranks.[1207] Joe Bonanno was openly flouting mafia Commission authority by refusing to meet with other Commission members. Several other *capi* were known to be plotting each other's assassinations. Sam Giancana, known to CIA as 'Sam Gold', felt all this pressure acutely, with the FBI (under Kennedy's direction) disrupting his influence over the Chicago City Council, police and prosecutor's office in 1962 and 1963.[1208] FBI wiretaps established that Giancana and other Mob leaders directly blamed the Kennedys for these disruptions, and that they had even off-handedly thrown around the idea of killing the Kennedy brothers.[1209]

Speculation about the Mob's involvement began almost as soon as President Kennedy was assassinated in Dallas on 22 November 1963. Both Bobby Kennedy and President Johnson privately voiced suspicion about underworld involvement.[1210] And a variety of theories have canvassed the possibility of the Mob carrying out the killing alone, or in cooperation with Castro. Castro had warned that 'United States leaders should think that if they are aiding in terrorist plans to eliminate Cuban leaders, they themselves will not be safe,' and Kennedy had himself acknowledged that if the US should compete with its adversaries in 'tactics of terror, assassination, false promises, counterfeit mobs and crises … we would all be targets'. [1211] If the US government could work together with the Mob to kill Castro, what was to stop Cuban officials plotting with disgruntled Mobsters

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[1206] 'Staff and Consultant's Reports', *supra*, Appendix, Vol. IX, p. 22.
[1207] 'Testimony of Ralph Salerno' in *ibid.*, at vol. V, pp. 454-456; 'Staff and Consultant's Reports', in *ibid.*, at Appendix, vol. IX, pp. 11-14; *Final Assassination Plots Report*, pp. 164-169.
[1208] 'Staff and Consultant's Reports', pp. 22-24.
[1209] *Ibid.*, pp. 39-42.
[1210] *Final Assassination Plots Report*, p. 168.
[1211] Freedman, *Kennedy's Wars*, p. 216; 'Alleged Assassination Plots', pp. 138-139.

to kill Kennedy?[1212] Was not this exactly the kind of 'fifth column' risk that the US Navy had warned about when justifying the Underworld Project?

There was a trail of breadcrumbs that seemed to implicate the Mob, somehow.[1213] Key figures in Kennedy's assassination – including Lee Harvey Oswald and Jack Ruby – had connections to Mob leaders.[1214] Ruby may have been a cash courier for the Trafficantes, and appears to have been involved in the effort to extricate Santo Trafficante Jr. from immigration detention in Havana in 1959.[1215] One witness later claimed that Trafficante had told him that President Kennedy would 'be hit'.[1216] Trafficante – and other Mob figures, including Jimmy Hoffa – certainly seem to have welcomed the news that the Kennedys would be off their backs.[1217]

Even if we cannot determine, as a matter of historical fact, whether the Mob *was* involved in President Kennedy's assassination, the fact is that key figures such as his own brother and the succeeding US President – Lyndon Johnson – thought that this *might* have been the case.[1218] That mere possibility is significant, since it suggests that through its collaboration with the CIA (and perhaps, earlier, with the US Navy and the AMG), some Mob actors now saw themselves, in the words of a 1979 Congressional report, as capable of 'using the resources at their disposal to increase their power … by assassinating the President'.[1219] The Mob was not content to react to the strategic environment, but was now actively seeking to shape it. That approach was already playing out, elsewhere in the Caribbean.

[1212] Such was the claim made to Chief Justice Warren in 1967: see James J. Rowley to J. Edgar Hoover, 13 February 1967, JFKARC, RG 233, HSCA, FBI Headquarters files, FBI File #62-117290, Admin Folder-N12.
[1213] Freedman, *Kennedy's Wars*, pp. 243-244.
[1214] See *Final Assassination Plots Report*, Appendix, vol. IX.
[1215] *Final Assassination Plots Report*, p. 173; Raab, p. 145.
[1216] Raab, p. 145.
[1217] Chepesiuk, pp. 76, 104; Hinckle and Turner, p. 419. Compare Raab, pp. 142-143.
[1218] *Final Assassination Plots Report*, p. 115; Freedman, *Kennedy's Wars*, pp. 243-244; Caro, pp. 577, 585.
[1219] *Final Assassination Plots Report*, p. 115.

The Bahamas and the birth of casino capitalism

Invading Haiti

Even as signs emerged in 1958 that Batista's grip on power was slipping, Lansky was considering duplicating the Cuban joint venture elsewhere in the Caribbean. He led a series of exploratory trips by Mob leaders to Puerto Rico, Jamaica, Barbados, Trinidad and Tobago, Martinique, and the Dominican Republic.[1220] In some cases Mob leaders conducted extensive talks with political leaders, notably Johnny Abbes Garcia and possibly President Trujillo in Dominican Republic.[1221]

Haiti offered interesting possibilities. When an exiled Haitian army captain, Alex Pasquet, began selling futures in gambling concessions in a new, proposed post-Papa Doc Duvalier Haitian government, he found a willing buyer in Lansky and Florida Mobsters. A Florida police official with ties to Lansky's network flew to Port-au-Prince and tried to activate a revolutionary movement. He was deported, and his contacts rounded up and executed. Undeterred, the police official and Pasquet raised new funds and mounted a small 'invasion'. In late July 1958 they seized the Dessalines Barracks in Port-au-Prince, near the Presidential Palace. Eventually they were overrun by Duvalier's *Tontons Macoutes* and annihilated.[1222]

By 1961, Duvalier had however recognized the attractiveness of Mob involvement in gambling. David Iacovetti, a member of the Gambino Family from Brooklyn established a state-backed 'numbers' game: a 'Republic of Haiti Welfare Fund Sweepstakes', with tickets distributed and bought by the Haitian diaspora, and winners determined by the results of key horse races. In 1965, Duvalier sold a casino and slot machine concession to Joe Bonanno. Bonanno spent a year in Haiti.[1223] Smarting from their failed joint venture with Batista, the Mob this time took a more proactive approach to ensuring government protection against popular insurrection, actively equipping Duvalier with arms.[1224] But whether because of

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[1220] English, p. 278; Cirules, p. 117.
[1221] CIA, 'Handwritten Notes, Probable Interview Questions/Answers from Conversation with Norman Rothman', no date, JFKARC, HSCA, Segregated CIA Collection, Printed Microfilm, Box 43, Reel 16, Folder 21; Cirules, pp. 278-282.
[1222] Hinckle and Turner, pp. 281-282.
[1223] 'U.S. Calls Bonanno Haiti's Casino Chief', *N.Y. Times*, 30 December 1966.
[1224] Hinckle and Turner, pp. 295-296; Vincent Teresa and Thomas Renner, *My Life in the Mafia* (New York: Doubleday, 1974), p. 223.

linguistic barriers, because Duvalier was not the reliable partner that Batista had been, or because Bonanno was not able to muster a broad coalition of Mob investors as Lansky had in Cuba, Port-au-Prince never became the tourist destination that Havana had been. The Mob had to look elsewhere.

Casino capitalism

The Bahamas was an obvious target: as close to Florida as was Cuba, and its official language was English. Better yet, it had long depended on rents generated by flouting the rules of international society: first as a base for large-scale piracy; then from a maritime racket involving first wrecking, then salvaging, ships; later, from busting the Union blockade on Confederate cotton during the American civil war; and then, during Prohibition, from bootlegging.[1225] The small, white establishment clique that ruled The Bahamas – known as the 'Bay Street Boys' after their main gathering point – were comfortable bending international society's rules to their advantage.

Lansky had contacts in The Bahamas from rum-running during Prohibition.[1226] He may have been involved in an effort to develop a gambling industry in The Bahamas in 1945-46, after Batista first lost power in Cuba, and appears to have returned to the notion around 1958.[1227] Lansky travelled to the Bahamas and offered $1 million to Sir Stafford Sands, then Minister of Finance, for exclusive control of gambling on the islands.[1228] The idea dovetailed with Sands' efforts to turn one of The Bahamas' least promising islands, Grand Bahama into a free industrial port. In 1956 Sands negotiated an official government agreement with Wallace Groves, a convicted American fraudster who may have had ties to Meyer Lansky before he arrived in The Bahamas.[1229] The agreement gave Groves, in the words of a contemporary account, 'the authority of a feudal baron' on the island.[1230] While the Bahamian government abstained from taxing commercial activity in the zone for 99 years, Groves was left free to impose fees, award and

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[1225] Messick, *Syndicate Abroad*, pp. 34-39.
[1226] *Ibid.*, p. 5.
[1227] English, p. 278; Cirules, p. 117; Messick, *Syndicate Abroad*, p. 46.
[1228] Richard Oulahan and William Lambert, 'The Scandal in the Bahamas', *Life* (magazine), vol. 62, no. 5 (1967), pp. 58-74 at pp. 63-64; Messick, *Syndicate Abroad*, pp. 33, 74.
[1229] Jerry G. Brown, Deputy Chief, Security Analysis Group to Chief, Security Analysis Group, 18 August 1976, JFKARC, RG 233, HSCA, Segregated CIA Collection, Box 48, Folder 19.
[1230] Oulahan and Lambert, p. 69.

remove licenses, and control access to the territory.[1231] This made him the perfect partner for the Mob in a joint venture.

In 1960 the Mob and the governing party in The Bahamas, the United Bahamian Party (UBP, controlled by the Bay Street Boys) met in Miami – yes, at the Fontainebleau Hotel. The UBP leadership agreed to turn over part of the free trade zone on Grand Bahama to a hotel and resort complex.[1232] Groves' Port Authority formed a partnership with DevCo, a Mob front operated through several characters involved in the armed attacks in Cuba, notably Michael McLaney, and 'Trigger Mike' Coppola – a Luciano *sottocapo* who had driven the getaway car when Luciano's men hit Joe Masseria in Coney Island.[1233]

DevCo built a new resort on Grand Bahama, the Lucayan Beach Hotel, which had a mysterious, giant 9,000 square foot 'handball court' at the centre of its plans.[1234] In September 1961, with the hotel already under construction, Groves and DevCo executives wined and dined the Bahamian Premier, Attorney General, Treasurer and Colonial Secretary and their wives at a series of get-togethers in The Bahamas and Miami Beach to convince them to legalize gambling at the resort. The strategic communications nature of these meetings was explicit: DevCo and Groves called it 'Operation Indoctrination'.[1235] As a result of these meetings, DevCo soon counted as paid 'consultants' the Bahamian Premier and Attorney-General, the Premier's son (the Speaker of the Legislative Assembly) and the editor of the main Bahamian newspaper.[1236] DevCo also promised to pay the UBP itself $10,000 per month, disguised as Sands' legal retainer.[1237] (In 2015, the 21-year Speaker of the New York State Assembly, Sheldon Silver, was accused of taking graft in the same

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[1231] Bill Davidson, 'The Mafia: Shadow of Evil on an Island in the Sun', *Saturday Evening Post*, vol. 240, no. 4 (1967), pp. 27-37; Alan A. Block, *Masters of Paradise: Organized Crime and the Internal Revenue Service in The Bahamas* (New Brunswick/London: Transaction Publishers, 1998), p. 30.
[1232] Davidson, p. 42; Block, *Masters,* p. 34; Messick, *Syndicate Abroad*, p. 61.
[1233] Block, *Masters,* pp. 37-39; Messick, *Syndicate Abroad*, p. 62-72.
[1234] Davidson, p. 32; Oulahan and Lambert, p. 70; Block, *Masters,* p. 43; Messick, *Syndicate Abroad*, p. 102.
[1235] Oulahan and Lambert, pp. 70, 73; Messick, *Syndicate Abroad*, p. 109.
[1236] Messick, *Syndicate Abroad*, pp. 107-109.
[1237] Oulahan and Lambert, p. 73; 'Consultant's Paradise Lost', *Time*, vol. 90, issue 10 (1967), p. 39; Monroe W. Karmin and Stanley Penn, 'Las Vegas East: U.S. Gamblers Prosper in Bahamas With Help From Island Officials', *Wall Street Journal*, 5 October 1966, pp. 1-2; Messick, *Syndicate Abroad*, p. 115.

form.[1238]) The most influential independent voice in the Executive Council and editor of the Nassau *Tribune*, Eugene Dupuch, suddenly dropped his editorial opposition to the approval of a gambling license.[1239] Sands, himself a member of the Executive Council, received over $500,000 in fees for managing the process, and a continuing consultancy contract that promised $50,000 per year if the venture retained its gambling license.[1240]

The corruption campaign paid off handsomely, turning Grand Bahama – if not The Bahamas as a whole – into a joint venture between the Bay Street Boys and Lansky's faction of the Mob, repeating the pattern from Havana. The 'handball court' was revealed as a gambling floor. By 1963, Sands was directly in business in the casino, through a new company, Bahama Amusements Limited, whose other hidden beneficiaries were Groves and Mob actors, notably Lansky.[1241] Lansky and other Mob partners – probably including Costello and Santo Trafficante Jr. – lent the casino a $600,000 float and helped establish it within the north American high rollers' circuit. Their entire debt was paid off within a year.[1242]

As Hank Messick has explained, control of the casino bankroll gave the Mob the 'trump cards' in the entire scheme. While others financed and owned the port, the hotel, and surrounding businesses, they were all set up to operate – at a loss if necessary – to feed gamblers into the casino.[1243] The casino was the central *plaza* in the system, the point at which the most lucrative criminal rents were extracted. The UBP provided political and physical protection, with the Police Commissioner also on the payroll.[1244] The Mob fed 'high rollers' – American organized criminals looking for a way to launder profits – into the system. To prevent them having to travel to The Bahamas with suitcases of cash, the casino advanced credit – making Mob knowledge of American underworld characters, and their creditworthiness, indispensable.[1245]

[1238] William K. Rashbaum and Thomas Kaplan, 'Sheldon Silver, Assembly Speaker, Took Millions in Payoffs, U.S. Says', *N.Y. Times*, 22 January 2015.
[1239] Messick, *Syndicate Abroad*, pp. 75-77.
[1240] *Ibid.*, pp. 112-115.
[1241] Block, *Masters,* p. 40; Messick, *Syndicate Abroad*, p. 111.
[1242] Oulahan & Lambert, pp. 63, 74; Block, *Masters,* p. 45; Messick, *Syndicate Abroad*, pp. 154, 192.
[1243] Messick, *Syndicate Abroad*, p. 154.
[1244] *Ibid.*, pp. 159-160; Davidson, p. 35.
[1245] Karmin and Penn, p. 2; Messick, *Syndicate Abroad*, pp. 167-169.

Mob expertise was also crucial to structuring this money-laundering scheme, and set precedents for the later era of 'casino capitalism'.[1246] Instead of 'skimming' the casino take by shovelling cash into suitcases before the authorities could count the day's winnings, the Mobsters introduced a system where nothing was skimmed, and everything was counted. Casino managers simply received huge bonuses of several hundred thousand dollars at the end of the year, passing on significant amounts to their silent backers.[1247] This was organized through Bahamian banks – and their correspondent banks in Miami – with the Bahamas soon becoming one of the leading hubs for offshore banking and the establishment of offshore shell companies.[1248] Another method developed in Havana, The Bahamas and Las Vegas – the 'junket skim' – is still in use today, notably for moving cash out of China through Macau.[1249] Under this system, the Mob would underwrite an apparently independent travel agency that would organize high rollers' travel – and give them a 'float'. When those high rollers lost to the casino, they paid not the casino, but the travel agent. The 'winnings' never ran through the casino books – but still found their way back to the Mob, through the travel agency.[1250] Some two thirds of The Bahamas casinos' nominal profits derived from these junket tours in their early years.[1251]

Ballots, not bullets

By 1966, the Lucayan Beach casino was taking in at least $8 million annually. Mobsters spread out from the Lucayan to new Bahamian casinos.[1252] Side rackets in drugs and prostitution were also flourishing. The Bahamas became a pioneer in the use of offshore shell companies, international tax evasion and international securities fraud.[1253] Steadily, it was also drawn into international narcotics and arms

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[1246] The phrase is from Susan Strange, *Casino Capitalism* (Oxford: Basil Blackwell, 1986).
[1247] Davidson, p. 33.
[1248] Lacey, pp. 303-305.
[1249] Vinicy Chan, 'Macau Casinos Decline After Report on Junket Crackdown', *Bloomberg News*, 6 February 2013, available at http://www.bloomberg.com/news/2013-02-06/galaxy-leads-macau-casino-drop-on-report-of-junket-curbs.html,accessed 14 March 2015.
[1250] Davidson, p. 33; Messick, *Syndicate Abroad*, p. 169.
[1251] Block, *Masters,* p. 102.
[1252] 'Consultant's Paradise Lost', p. 39; Messick, *Syndicate Abroad*, pp. 225-230; Block, *Masters*, pp. 67-69; Oulahan and Lambert, pp. 58-74.
[1253] Davidson, pp. 33-34; Oulahan and Lambert, pp. 60-66; Messick, *Syndicate Abroad*, pp. 85-92.

trafficking, and used for the offshore bribes to American judges and officials.[1254]

Yet as successful as the Mob's joint venture with the Bay Street Boys was proving, it suffered from the same vulnerability as its joint venture with Batista in Cuba: its reliance on an elite minority for political protection. And just as the Havana Cuban joint venture reduced Batista's legitimacy through the stain of corruption, so was the Grand Bahama joint venture stoking popular discontent with the UBP. But this time the Mob adopted a radically different strategy, to vastly superior effect, suggesting it had learned from its Cuban mistakes.

In the early 1960s the Progressive Liberal Party (PLP), a black empowerment party led by a Nassau-born lawyer trained at King's College London, Lynden Pindling, was pushing for Bahamian decolonization. Through gerrymandering, corruption and economic patronage, the Bay Street Boys' UBP had until the mid-1950s kept a lock on seats in the Legislative Assembly. But in 1956 the PLP managed to win six of 29 seats; and in 1962 it won nine of 33 seats – but 65 per cent of the popular vote.[1255] Emboldened, Pindling began pushing for political reform and even independence from Great Britain. He insisted that he 'did not wish violence… the fate of Cuba… to befall the Bahamas'.[1256] But the UBP's responses to PLP gains – such as hiring South African and white Rhodesian officials, and playing South African government radio programs – seemed designed to engineer confrontation.[1257]

The Mob knew from Cuba what that heralded. This time, Lansky decided to side with the revolution. Lansky and associates 'set out to capture Pindling'.[1258] McLaney – involved in the aerial bombing in Cuba and in DevCo – was put in charge. He provided the PLP around $60,000 of in-kind campaign support: office space, communications support and aerial transportation.[1259] He also went into the blueberry farming business with Pindling, a somewhat odd venture in the tropical Bahamas, given that plant's preference for chilly winters.[1260] In return, backing away from earlier anti-gambling rhetoric, the PLP agreed not to abolish gambling if

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[1254] Block, *Masters*, pp. 47-51.
[1255] Davidson, p. 35.
[1256] *Ibid.*
[1257] *Ibid.*
[1258] Block, *Masters*, p. 72. See also Messick, *Syndicate Abroad*, p. 195.
[1259] Block, *Masters*, pp. 72-73; Oulahan and Lambert, p. 66; Messick, *Syndicate Abroad*, p. 208.
[1260] Messick, *Syndicate Abroad*, pp. 208-209.

they came to power, but to tax it and use the resulting revenues for social programming and public works.[1261]

Growing in confidence that they had an alternative partner in Pindling, the Mob leaked documentary evidence of UBP corruption, under the watchful eye of a New York public relations firm, Hill & Knowlton, to the press.[1262] Groves briefed the US *Saturday Evening Post*.[1263] Speaking to the *Wall Street Journal*, Pindling railed that under the UBP The Bahamas were 'being sold out to "gangsterism"'.[1264] Sands responded: 'As to the idea that I get a good share of the country's prosperity, of course I do… But it's worth remembering that I've been a part of making all the islands a lot more prosperous.'[1265] Such statements, redolent of Tammany's 'honest graft' in New York, only served to underline the white minority's sense of entitlement, greatly bolstering electoral support for the PLP.

When the election results were returned in January 1967, the PLP squeaked into government with the support of 2 independent MPs. The Mob's hedging strategy seemed to have paid off. It had helped to organize, as one British newspaperman called it, 'a peaceful revolution'.[1266] Yet the high-risk move of leaking details of UBP corruption to the press brought significant scrutiny in the form of a Royal Commission. In the wake of the investigation, a few Mobsters were deported, but the underlying casino management structure was left largely in tact.[1267]

The reality was that the PLP picked up where the UBP left off. Seventeen years later, another official government investigation

> revealed massive smuggling operations and political corruption. High Bahamian officials, and/or intimate associates of the prime minister [(Pindling) had become] the quintessential middlemen, selling protection and a resting place for contraband, permitting transporters for a fee to establish their headquarters on different islands and cays, tipping them off about D.E.A. raids and informants, and bringing together American pilots and Colombian [cocaine] producers.[1268]

[1261] *Ibid.*, p. 225.
[1262] *Ibid.*, pp. 195-196.
[1263] Davidson, p. 33.
[1264] Karmin and Penn, p. 2.
[1265] *Ibid.*
[1266] Davidson, p. 35.
[1267] Block, *Masters*, pp. 45-46.
[1268] *Ibid.*, p. 299.

The criminologist Alan Block concludes: 'the Commission of Inquiry proved that The Bahamas [itself] was a racket'.[1269] Between 1977 and 1984, Pindling and his wife spent eight times their reported earnings, likely receiving significant payoffs from Colombia's Medellín cartel in return for complete control over Norman's Cay, a Bahamian island that was used as a trans-shipment hub for moving cocaine into the United States.[1270] All up, by the mid-1980s some fifteen islands and cays were either totally or partially controlled by drug runners.[1271]

Through this period, The Bahamas evolved into an exemplar of the off-shore *plaza* in a globalizing illicit economy. Narcotics, arms and corruption deals were sealed at the Bahamas' resorts, with illicit merchandise stashed handily nearby, and money-laundering services offered via the casino or the local banks. Bahamian banks' provision of eurodollar services – deposits denominated in US dollars, but not under US Federal Reserve jurisdiction, and thus not subject to US tax regulation – were particularly useful. By the mid-1980s, The Bahamas had become a major offshore banking centre, with more than $100 *billion* in Eurodollar deposits.[1272] By the 1980s, other mafia groups had recognized the power of this off-shore banking model. The Cuntrera-Caruana *cosca* of the Sicilian mafia, the so-called 'bankers to the mafia', had developed a similar platform for cocaine trafficking and money-laundering through a joint venture with state officials on the Dutch island of Aruba, near Colombia and Venezuela.[1273] The application of the blue ocean model in the Caribbean had succeeded.

Conclusion

Castro's rise to power in Cuba created many losers, including the Havana Mob, the American Mob, and the US government. Within twenty months of his arrival in Havana elements of all three groups were cooperating to assassinate him. The traditional account has suggested that this was a CIA-run conspiracy, with mafia guns and Cuban exiles simply brought in as 'plausibly deniable' covert assets. The

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[1269] *Ibid.*, p. 301.
[1270] *Ibid.*, pp. 294-299.
[1271] *Ibid.*, p. 294.
[1272] *Ibid.*, p. 11.
[1273] Tom Blickman, 'The Rothschilds of the Mafia on Aruba', *Trans. Org. Crime*, vol. 3, no. 2 (1997), pp. 50-89.

closer examination of the historical record provided in this chapter suggests something quite different: that the American Mob formulated its own plans to kill Castro, which the CIA then decided to 'piggyback' upon and sponsor. This was exactly the kind of 'convergence', with criminal elements manufacturing state support for their own criminal designs, that the White House would warn about 50 years later in its *Strategy to Combat Transnational Organized Crime*.

The episode studied in this chapter suggests that the Mob enjoyed a greater level of autonomous agency in international affairs than has previously been appreciated. When Cuba became a critical site of superpower confrontation during the Cold War, that autonomy turned out to have unexpected consequences for the US. The US failure at the Bay of Pigs may have been in part a result of its manipulation by the Mob, expecting the Mob to have removed Castro. And Mob autonomy also enlarged the risk of Soviet misunderstanding of US actions during and after the Cuban Missile Crisis. That the Mob did not accidentally trigger nuclear war or spoil the deal negotiated by Kennedy and Khrushchev may be in part because the Mob's interest in Cuba had waned in the early 1960s, as it found success with its 'joint venture' model of collaborative government elsewhere in the Caribbean.

Mob efforts to relocate their joint venture from Cuba to a new the Caribbean location also suggest a role for centrally-directed strategy in criminal relocation that many contemporary theorists, such as Carlo Morselli, deny exists.[1274] And Mob adaptation to changing political circumstances in The Bahamas also suggests strategic learning amongst some Mob leaders, notably Meyer Lansky, as a result of the strategic failures in Cuba. In Cuba, the Mob had no real Plan B, should Batista fall. In The Bahamas, in contrast, when the political winds shifted, the Mob pro-actively cultivated a relationship with the political opposition, helped it into power, and successfully rode the wave of decolonization. As with its efforts to achieve regime change in Cuba, this suggested a Mob that not only responded to political developments, but also sought to shape them. It was a group that was not afraid to use force, but which had also come to understand the limited strategic utility of force.

[1274] See Morselli et al., 'The Mobility' (2010) and Morselli et al., 'The mobility' (2011).

This was in part because of the changing geography of power. The globalization of finance and trade was changing the role of territorial control in the extraction of rents – both licit and illicit – and thus changing the location at which criminal power could most effectively be organized. New transportation and communication technologies had rendered both capital and labour mobile. The utility of political and juridical sovereignty was changing. Instead of deriving power from territorial control and the extraction of rents from fixed assets, rulers were now confronted by a regulatory race to the bottom in an effort to attract fickle, private transnational flows of capital. A new economic strategy was open to state leaders that dared to adopt it: they could now derive wealth and power from arbitrage, simply by legalizing or licensing – whether formally or informally – goods, services and activities that were illegal nearby, using casinos and financial institutions as money-laundering services. In Cuba, much of Havana was rented out to criminal interests in this way. In The Bahamas, it was most of Grand Bahama.

Where the CIA-Mob collaboration in Cuba had suggested a convergence between organized crime's coercive methods and state covert operations, here there was a convergence between the strategic logic of organized crime and economic statecraft. Like a mafia's power, for some state actors power in the international system seemed increasingly to lie in using their control of sovereignty and governmental institutions to broker between two levels: international markets and local jurisdiction.[1275] This was the gap into which the off-shore tax and banking havens would step in subsequent decades. This new approach to 'casino capitalism' offered a powerful realization of the Mob's strategic vision: the creation of venues for the private accumulation of capital, without the loss of any of that capital to public governmental purposes through redistributive taxation, social welfare or the provision of public goods.[1276] The strategic logic of organized crime, and the economic logic subscribed to by some political actors, seemed to be converging.

[1275] Mittelman and Johnston.
[1276] Compare Block, *Masters*, p. 303.

Part Three: The Market for Government

9. Strategic criminal positioning

To reign is worth ambition, though in Hell:
Better to reign in Hell than serve in Heaven.
Satan, in Milton's *Paradise Lost*[1277]

What can we learn from the historical episodes of criminal strategizing considered in Part Two about contemporary interactions between states and organized crime? The episodes explored in Part Two reveal criminal organizations using several approaches to compete – and cooperate – with states for governmental power. Irish, Jewish and Italian neighbourhood gangs in New York sometimes kept to themselves avoiding the state, as did some Sicilian hinterland bandits. Other groups, such as the Sicilian mafia and New York Mob, emerged as brokers between the state and these local communities. And in other cases collaborative joint ventures emerged between political actors and organized crime, as we saw in New York, Havana, Palermo and The Bahamas. In another set of cases, the same mafia actors actively confronted states, mounting domestic insurgency (Sicily) or transnational armed attacks (Cuba, Haiti); or relocated, whether as a result of migration (from Sicily to the US), deportation (the US to Sicily), or by design (to Cuba, Haiti and The Bahamas). Understanding what explains the differences in these historical cases may offer insights into contemporary interactions between states and organized crime, and into the deeper strategic logic of organized crime.

The traditional structuralist approach to explaining these variations suggested that criminals organize where the state is 'failed' or absent, or in 'ungoverned spaces'.[1278] World Bank economist Stergios Skaperdas speaks of 'power vacuums'.[1279] Criminologists such as Vincenzo Ruggiero and Nikos Passas write of a 'paradigm of deficit'[1280] and 'criminogenic asymmetries'.[1281] But the episodes in Part Two show that criminal organization *can* develop where the state is

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[1277] John Milton, *Paradise Lost* (London: Penguin Classics, 1667/2003), Book I, ll. 262-263.
[1278] Clunan and Trinkunas.
[1279] Skaperdas.
[1280] Vincenzo Ruggiero, *Organized and Corporate Crime in Europe: Offers that Can't be Refused* (Aldershot: Ashgate, 1996), p. 33.
[1281] Nikos Passas, 'Globalization and Transnational Crime: Effects of Criminogenic Asymmetries', in Williams and Vlassis, pp. 22-56.

absent (in post-War Sicily); where it is abstinent (on Grand Bahama); where it is present but ineffective (in immigrant slums on Manhattan's Lower East Side, on New York's wharves during World War II, or in occupied Palermo); and even where the state is present and effective but susceptible to corruption or coercion (e.g. in Havana, or 1950s Palermo). State presence, absence and abstinence are not the golden keys that unlock the riddle of criminal power.

Part Two suggests that we instead need a more nuanced understanding of the dynamic interaction between states, criminal organizations and other actors in the competition to control governmental institutions and supply governmentality. Business management theorists such as Michael Porter long ago pointed out that market structure is not a static artefact, but better understood in terms of its dynamic interaction with enterprise strategy; and Phil Williams has suggested such analysis can usefully be extended to the dynamics of competition in markets for illicit goods and services, such as narcotics.[1282] The episodes in Part Two suggest there may be utility in extending this kind of analysis to another market in which some criminal enterprises compete: the market for government.

The market for government

The market for government involves competition not only to control formal government decision-making and institutions, but also to supply governmentality, as that term was described in Part One. This involves competition for the allegiance of individuals and groups as consumers and participants in a specific normative system by which they can regulate their own conduct – whether we think of that system as political, religious, or in some other terms.[1283] The market for government involves competition not simply to control legislatures, courts and police – institutions – but, more fundamentally, to become the source of the normative order

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[1282] See Michael E. Porter, *Competitive Strategy: Techniques for analyzing industries and competitors* (New York: The Free Press, 1980); Phil Williams, 'The International Drug Trade: An Industry Analysis', in G. H. Turbiville ed., *Global Dimensions of High Intensity Crime and Low Intensity Conflict* (Chicago IL: Office of International Criminal Justice, 1995), pp. 153-183.

[1283] Compare Alex de Waal's notion of the 'political marketplace' in Africa: Alex de Waal, 'Mission without end? Peacekeeping in the African political marketplace', *International Affairs*, vol. 85, no. 1 (2009), pp. 99-113; David Kilcullen's 'theory of competitive control' in *Out of the Mountains: The Coming Age of the Urban Guerrilla* (Oxford: OUP, 2003), pp. 116-168; and Vanda Felbab-Brown's notion of states and criminal actors as 'competitors in state-making': 'Conceptualizing', *op. cit.*.

that 'sets the possible field of action for others' (see Chapter 2). In the case of criminal power, the system – and one's allegiance to it – is secret and hidden and the group peddling this criminal governmentality will deliberately avoid a *formal* governmental role. But, as we have seen, though clandestine, that role is governmental nonetheless.

Understanding the interaction and competition between states, criminal actors and other providers of government in these 'market' terms encourages us to think about how these rivals strategically position themselves in relation to each other. It also helps explain the focus to date on state 'absence' and 'failure'. Where other governmental rivals are absent or weak, criminal organizations enjoy a sustainable pricing advantage, because the costs of supplying governmentality are lowered – and, as the sole provider of governmentality, monopoly prices can be levied. Roberto Saviano, the astute observer of the Camorra whom we met in Part One, describes this organizational logic at play in Naples: 'Everything that is impossible to do elsewhere because of the inflexibility of contracts, laws, and copyright is feasible here'.[1284] Here, criminal organization becomes both more attractive to participants – and more obvious to observers. For that reason, some commentators have speculated that there is a natural tendency on the part of organized crime towards monopoly and even the development of state-like characteristics, one of the reasons that Vanda Felbab-Brown speaks of organized crime and the state as 'competitors' in 'state-making'.[1285] But in many cases, as we have seen in Part Two, criminal groups forego such a monopolistic role within the upperworld, eschewing formal political authority in favour of hidden political influence. How do we explain these criminal positioning strategies which take place not in the absence of the state, but alongside, underneath and even, times, apparently from *within* the state?

The episodes in Part Two suggest that the answer depends in part on the capabilities available to a group – and the strategy it adopts to exploit those

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[1284] Saviano, p. 38.
[1285] See Felbab-Brown, 'Conceptualizing'; and see Jonathan Goodhand and David Mansfield, 'Drugs and (Dis)Order: A Study of the opium trade, political settlements and state-making in Afghanistan', Working Paper no. 83, Crisis States Working Paper Series No.2 (London: Crisis States Research Centre, 2010). Compare the discussion of roving and stationary bandits in Olson, 'Dictatorship, Democracy and Development'.

capabilities. The two strategic aspects – internal capabilities and external positioning – were closely intertwined in those cases. The same is true today. Adam Elkus suggests, for example, that Mexican drug

> cartels are similar to medieval barons who engaged in constant struggles for power and alliance politics. Often times, inter-cartel battles are an outgrowth of internal cartel political intercourse, much as external wars are expressions of internal state politics. External shocks often have a destabilizing influence on internal group politics and dynamics.[1286]

Certain patterns recur within this market as criminal organizations seek to combine internal capabilities in ways that deliver sustainable market positions. For example, criminal groups in the radically different contexts of Prohibition New York and post-War Sicily both adopted a 'syndication' or 'cartel' strategy – as did criminal groups in Colombia in the 1980s. The strategic logic was the same in each situation: pooling risk, reducing costs, and accessing economies of scale. And in each case this had both internal and external political effects. In the New York Mob, the Commission became an instrument not only of internal governance but also for coordinated positioning in relation to state officials (in the creation of the 'Buy-Money Bank', and the attempt to influence the 1932 US Presidential nomination process). In Sicily, syndication led to the Cupola system, facilitating the emergence of the Palermo joint venture. And in Colombia, cartelisation was driven by economic considerations, but also produced coordinated strategy for dealing with the state on extradition and demobilization policy.[1287]

What other such patterns can we see, particularly in how groups with criminal goals position themselves relative to states? Drawing on the episodes in Part Two, this chapter identifies six ideal-type positioning strategies adopted by criminal groups in the market for government, providing a new, more nuanced way of understanding the apparent 'convergence' between states, business and organized crime on the global stage. Key features of these strategies, and what they suggest about the shape of potentially effective state responses, are captured in Tables 1 and 2, below.

[1286] Elkus, 'Mexican Cartels'. On the resemblance to medieval barons, see also John Rapley, 'The New Middle Ages', *Foreign Affairs,* vol. 85, no. 3 (2006), pp. 95-103.
[1287] Gianluca Fiorentini, 'Oligopolistic Competition in Illegal Markets', in Fiorentini and Peltzman, p. 275; Francisco E. Thoumi, *Political Economy and Illegal Drugs in Colombia* (Boulder CO: Lynne Rienner, 1995), pp. 93-108.

Three of these ideal-type positioning strategies involve accommodation with the state: 1) *intermediation*, as pursued by mafias; 2) criminal *autonomy* as pursued by warlords and local gang leaders; and 3) *joint venture* strategy, in which criminal groups and states vertically integrate capabilities. Three other positioning strategies emerge out of situations of confrontation: 4) *strategic alliance* against third parties; 5) *terrorism* as a criminal strategy; and 6) criminal *blue ocean* strategy, a strategy of deliberate, directed relocation.

This is not the first effort to develop an analytical framework for understanding how criminal groups are positioned vis-à-vis states. Peter Lupsha's tripartite typology of predation, parasitism and symbiosis has received considerable attention.[1288] Third Generation Gang Warfare scholarship offers a related model, describing gangs as evolving from 'aggressive competitor' to 'subtle co-opter' to 'criminal state successor'.[1289] The problem with these models, however, is that they offer no theory of change. They cannot explain when, how or why a criminal organization will shift from one position to another. The analytical framework offered here may help us address this problem and, as we explore in the final chapter, provide a number of useful avenues for further research and practical guidance.

[1288] A. Peter Lupsha, 'Transnational Organized Crime Versus the Nation State', *Transnational Organized Crime,* vol. 2, no. 1 (1996), pp. 30-32; see also Naylor, 'From Cold War', pp. 46-47.
[1289] Max G. Manwaring, *A Contemporary Challenge to State Sovereignty: Gangs and Other Illicit Transnational Criminal Organizations in Central America, El Salvador, Mexico, Jamaica and Brazil* (Carlisle PA: Strategic Studies Institute, 2007), p. 2.

Table 1. Three Criminal Accommodation Strategies

	Intermediation	Autonomy	Merger
Actors associated with this positioning strategy	Mafias	Warlords and gang rule	Joint Ventures
Underlying market logic	Jurisdictional sharing	Territorial segmentation	Vertical integration
Criminal rents available exceed internal costs plus…	Cost of corrupting governmental capabilities	Cost of excluding state and developing alternative governmental capabilities	Cost of integration of capabilities
Conditions for emergence	Rapid structural or normative change creates unmet demand for government Low costs of corruption	State enforcement capabilities ineffective Low cost of organizing alternative governmental capabilities (e.g. fragmenting military structures; or local protection groups)	Elite political or military group controls state assets with weak public oversight Poor rent extraction opportunities in local licit economy
Geography	Mafias locate at sites of formal legislative, spending and policing power	Communities where state capabilities are consistently weak – for warlords, peripheries; for gangs, slums	State-run security and economic operations – e.g. military airports and installations, development banks, financial regulators
Governmentality	Protection of traditional community values within formal political system	Protection of local identity and interests without secession	Court politics
Effective state responses	Remove unmet demand for government through regulatory reforms of markets (e.g. ending prohibition) Raise costs of corruption, inc. through higher-level enforcement (e.g. federal)	Physical extension of governmental capabilities Localization of governance, subject to centralized corruption monitoring	Promotion of democratic control of state institutions (armed forces, development banks, financial regulators, campaign finance reform) Inter-state accountability

Intermediation: mafia logic

The default positioning strategy adopted by the Sicilian and American mafias in most of the episodes studied in Part Two was one of jurisdictional segmentation of the market for government.[1290] Mafias – such as the Sicilian mafia, the American mafia, the Jewish gangs considered in Chapter 4, the Havana Mob considered in Chapter 7, or more recently groups in Russia and Kenya[1291] – are clandestine governmental intermediaries, operating not just in the underworld, but at the interface between the upperworld and underworld.[1292] In this arrangement, a strategic actor exercises governmental power over a group or market operating beyond the state's social, rather than physical, reach, intermediating between the two. As Eric Hobsbawm explained, mafia power rests on the creation of 'a virtual parallel or subsidiary system of law and power to that of the official rulers'.[1293]

Mafias broker corrupt exchanges, providing marginalised groups access to the goods and services controlled by higher political powers, to protection and to social mobility, while providing upperworld governmental actors access to assets in enclave populations and hidden markets: criminal finance, illicit labour, and votes.[1294] As the Italian organized crime expert Pino Arlacchi put it, mafia power thus derives 'from the privileged access they enjoy to the levers of State power'.[1295] As Anton Blok found, this can create a stable system in which the mafia 'exercise jurisdiction … in conjunction with formal authority'.[1296]

An actor's power within a mafia thus depends on his position as an intermediary between the internal and the external, his control of internal violence *and* his influence over outsiders, including state actors. As we saw in Chapters 4 and 5, Luciano's power derived both from his effective use of force to see off internal rivals, *and* his influence over external rivals – whether Jewish gangsters or

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[1290] On 'jurisdictional sharing' see Schelling, *Choice and Consequence*, p. 182.
[1291] Varese, *The Russian Mafia*; Wrong.
[1292] Hess, *Mafia and Mafiosi*, p. 29. On the related concept of 'mediated states' see generally Achim Wennmann, 'Getting Armed Groups to the Table: Peace Processes, the Political Economy of Conflict and the Mediated State', *Third World* Quarterly, vol. 30, no. 6 (2009), pp. 1123-1138.
[1293] Hobsbawm, *Primitive Rebels*, pp. 5-6. Compare Hobsbawm, *Bandits*, p. 40.
[1294] Compare Daniel Bell, 'Crime as an American Way of Life', *The Antioch Review*, vol. 13, no. 2 (Summer 1953), pp. 131-154; Ianni and Reuss-Ianni; and Williams, 'Transnational Criminal Networks', pp.78-80.
[1295] Arlacchi, *Mafia Business*, p. 40, cf. pp. 38-44, 69-75, 161-186.
[1296] Blok, *The Mafia*, pp. 94-96.

the state. He could change the Mob's culture to one based on a more collaborative, non-parochial outlook precisely *because* he was feared internally as the most ruthless and violent *capo*, having killed his two predecessors. Equally, once he was in power he could moderate his violence because he could offer mafiosi access to resources from outside their own ranks. He was in what Henner Hess called the 'optimal strategic position' to be the 'provider of, and channel for' productive exchanges between these two strategic levels.[1297]

The specific criminal governmentality promoted by mafias matches this secret intermediary role. Mafia governmentality is inherently clandestine, hidden inside and often drawing from prevailing mores and conventions. It is built on humans' insatiable desire to have it both ways: their 'desire to do so many things which they also desire to prohibit'.[1298] Mafia strategic communications frequently straddle two quite distinct normative orders, balancing state-supporting political quietism with a claim to defend the values and security of marginalised populations.[1299] The Sicilian mafia achieved this through emphasizing traditional values such as self-sufficiency, family, honour and, to some extent, Roman Catholicism. Luciano, in contrast, leading a mafia embedded in a modern American capitalist environment, oversaw the Mob's adoption of a more entrepreneurial and materialistic governmentality. Both used *omertà* as the framework for influence and control, but the governmentality within each organization differed appreciably – at least until the 1950s, when the encounter with American power and culture during the AMG occupation, and direct Mob interactions with and influence over the Sicilian mafia, may have begun to change the Sicilian mafia's external outlook and internal organization.

Treating mafias as products of intermediary positioning strategy also provides potentially powerful insights into *where* mafias are likely to emerge, a major topic of current criminological research.[1300] Part Two suggests that mafias are likely to emerge where two conditions hold: 1) major structural changes have created new or poorly governed markets, or weakened norms against participation

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[1297] Hess, 'Parastate', p. 157.
[1298] Lippmann, 'The Underworld', p. 67.
[1299] Schulte-Bockholt.
[1300] See Morselli et al., 'The mobility' (2011) and 'The mobility' (2010); and Varese, *Mafias on the move*.

in illegal activity, creating an unmet demand for government; and 2) governmental capabilities are available at a corruption price that is lower than the pay-off from available criminal rents. Such conditions seem likely to hold consequent to a variety of politico-economic shocks: war, revolution, rapid mass immigration, the formal prohibition of a market, or the creation of new forms of property. The Sicilian mafia emerged in the context of the expansion of private property rights and Sicily's sudden integration into the Italian political economy through political unification, without a concomitant extension of the state's governmental capabilities.[1301] The American mafia Families emerged in marginalized immigrant communities as a protection against the threat posed by the Black Hand to private property, and their development was accelerated by the advent of Prohibition. More recently, the Russian *mafiya* emerged with the introduction of the norm of private property in the context of post-Communist transition in the late 20th Century.[1302]

This lens also helps us read the *geography* of mafia power. Mafias are likely to corrupt those institutions, and emerge at those levels of government, where governmental discretion could extend power into these hidden markets and marginalized populations, through defining norms (legislatures), enforcing them (police and courts) and allocating resources (expenditure decisions). If government institutions do not have these powers, then the pay-offs from corruption are unlikely to exceed the costs. Thus in the US, a federation that gives most of these powers in the first instance to cities and states, mafias emerged first at the municipal level, before extending their power to states; the interest in national politics was limited and late. In Italy, the mafia emerged first within specific *latifundia* (policed and run by *gabellotti*), then over time developed influence in Palermo, Rome and Brussels, as each of those became centres of legislative, judicial or spending power relevant to their operations. Likewise, we see contemporary mafias emerging at the local and state level in federations (such as Mexico and Somalia), and in capitals in more centralized polities (such as Kenya). In federal jurisdictions, in particular, this points to a potential state policy reponse: creating federal-level enforcement mechanisms to target local mafias. In Part Two we saw the Mob carefully avoiding federal crimes and jurisdiction, because of its limited reach into federal institutions.

[1301] Blok, 'Reflections', pp. 7-13.
[1302] Varese, *The Russian Mafia*; Handelmann.

Understanding mafia logic in these terms thus helps us to analyse where mafias emerge, the nature of their governmentality and, potentially, identify opportunities for effective state response. As hinted at in Table 1 above, these centre on addressing the opportunity structures that mafias exploit, by reducing the gap between the state and enclave markets or populations, through regulatory reform; and raising the costs of systematic corruption, including through introducing enforcement mechanisms from higher levels to provide oversight of local governance arrangements. In Chapter 10 we explore in more detail what such policy responses might look like.

Autonomy: warlordism and gang rule

Some of the episodes considered in Part Two also point to a very different criminal strategy for segmenting the market for government: not through jurisdictional sharing, but through territorial segmentation. The result is what we might call 'criminal autonomy'.

Armed groups enjoying military control of territory have a short path to governmental power over both illicit and licit market exchanges within that territory. This can occur both where the state lacks effective territorial control – as we saw in post-conflict Sicily – or where a local organization such as a neighbourhood gang develops sufficient coercive and corruption capabilities to balance the state's military or policing capabilities, and can begin to operate autonomously – as we saw with the local neighbourhood gangs of the Lower East Side, the *gabellotti* of post-Unification Sicily and, to a degree, the sugar barons of Cuba. Where the state goes along with the arrangement, we see a territorial segmentation of the market for government, with local actors emerging as *de facto* rulers.

In a rural context, we often call such actors 'warlords', in part because they tend to emerge out of the ashes of war and the military structures of collapsing state, imperial and insurgent armies.[1303] In recent decades, this pattern has emerged

[1303] Sasha Lezhnev, *Crafting Peace: Strategies to Deal with Warlords in Collapsing States* (Lanham, MD: Lexington, 2005); Antonio Giustozzi, 'Respectable Warlords? The Politics Of State-Building in Post-Taleban Afghanistan', Working Paper No. 33 (London: LSE Crisis States Programme, 2003); Giustozzi, 'Debate on Warlordism', pp. 15-16.

particularly in Africa and Central Asia.[1304] Warlords emerge where 'state institutions play little, if any, role in regulating political competition'.[1305] Warlords take on basic governmental functions and authority themselves, setting norms, allocating resources, and resolving disputes.[1306] Warlords' governmental power usually straddles the grey area between the formal and illicit economies, and criminal activity has, historically, been a major source of warlords' governmental power, from 1920s China to post-colonial Africa and Asia.[1307] In fact, these criminal connections may help to explain why states turn a blind eye to warlords on their territory: it may enable the development of criminal rents from which the state can benefit through extortion (tribute), without the incursion of associated production costs, or the risk of threatened rivals banding together.[1308] It can sometimes serve the interest of state powers to informally outsource the government of territories heavily dependent on organized crime, for example from illicit opium production (Afghanistan, Myanmar) or illicit mineral trafficking (DRC).

The same strategic logic holds in urban contexts where particular neighbourhoods become plazas for illicit traffic, as has occurred with the *posses* in Kingston, Jamaica, and in some Brazilian *favelas*.[1309] In this case, the groups exercising criminal autonomy tend to be self-starting protection groups, rather than remnants of shrinking state military institutions. In the case of The Bahamas studied in Chapter 8, we saw a variation on this type, with the state deliberately carving out an autonomous zone through the creation of a 'baronial' free-trade zone on Grand Bahama. In all of these situatons of autonomy, the local actor adopts a 'neofeudal' posture to the state, seeking neither to replace nor to secede from it, but rather to exploit their coercive capabilities, control over economic activity and state forebearance to exercise a high degree of local political autonomy, while offering

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[1304] See Mark Duffield, 'Post-modern Conflict: Warlords, Post-adjustment States and Private Protection', *Civil Wars*, vol. 1, no. 1 (1998), pp. 65-102; Paul Jackson, 'Warlords as Alternative Forms of Governance', *Small Wars and Insurgencies*, vol. 14, no. 2 (2003), pp. 131-50; Kimberly Marten, 'Warlordism in Comparative Perspective', *International* Security, vol. 31, no. 3 (2006/07), pp. 41–73.
[1305] Reno, *Warlord Politics*, p. 8.
[1306] Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships* (New York: Basic Books, 2000), pp. 10 et seq.
[1307] Anthony B. Chan, *Arming the Chinese: Western Armaments Trade in warlord China, 1920-1928* (Vancouver: University of British Columbia Press, 1982); Strange, 'Retreat', pp. 116-117.
[1308] Antonio Giustozzi, *The Art of Coercion. The Primitive Accumulation and Management of Coercive Power* (New York: Columbia University Press, 2011), pp. 14-15.
[1309] Kilcullen, pp. 89-102.

some level of fealty to the state.[1310]

As with intermediation, the pursuit of criminal autonomy as an external positioning strategy seems to go hand in hand with a specific governmentality. Because, like mafias, they do not seek national power, warlords and gang leaders tend to advocate corrections of injustices within the existing normative order, rather than its revolutionary overthrow.[1311] But warlord politics is usually framed in much more 'local' and place-specific terms than mafia culture; and warlord and gang rule is also much more overt. Warlords frequently present as community protectors resisting excessive state centralization; urban gang leaders often emphasize highly localized quality-of-life issues. Like mafias, warlords and local bosses may *threaten* formal secession, but that usually proves to be a temporary negotiating tactic designed to maximize local governmental power and balance between rival neighbouring states. In Myanmar, Khun Sa and other ethnic separatists relying on criminal markets (such as opium and jade trafficking) played this game for several decades, alternating between espousal of autonomy and advocacy of secession.[1312]

The adoption of an autonomous posture in the market for government is also closely tied to internal organization. Depending upon coercive control of territory, warlords and gang rulers tend to adopt more centralized, hierarchical command structures than mafias and other criminal groups who are more dependent on clandestine operations, corruption and subversion. But their focus is military; as Giustozzi notes, warlords frequently develop a 'neopatrimonialist attitude' towards the populations they govern, with 'institutionalisation weak or absent'.[1313] The governmental system often involves undifferentiated political, military and economic authority in the person of the warlord or gang leader. Unless, that is, the extraction of rents incentivizes the development of a more complex and differentiated governmental apparatus.[1314]

If rents can be extracted from non-labour intensive activity such as taxing transnational flows, the governmental apparatus is likely to be limited, as the

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[1310] Duffield, 'Post-modern Conflict', p. 81.
[1311] Henriksen and Vinci, p. 93.
[1312] See Bertil Lintner, *Burma in Revolt: Opium and Insurgency since 1948* (Bangkok: White Lotus, 1994).
[1313] Giustozzi, 'Debate on Warlordism', p. 14.
[1314] Jackson, 'Warlords'.

warlord or gang leader can use his coercive capabilities to tax the trade, and piggyback on existing non-state authority structures to ensure local control.[1315] This is the pattern in some parts of Afghanistan today.[1316] It is also arguably the strategy adapted by Batista as Cuba's strongman during the 1930s, taxing transnational flows while relying on the local 'sugar barons' for political support. But if larger rents can be derived from local production, there may be incentives for developing a more elaborate governmental apparatus and welfare system, in order to engage the local community in that production. This was arguably Batista's strategy in the 1950s, when he needed local labour to participate in the tourism economy he was promoting. It is arguably also the trajectory followed by Ismail Khan, a warlord in western Afghanistan.[1317]

Cuba's experience also provides insight into what happens when a stable territorial segmentation of the market for government loses its guarantor, as occurred when Batista left for Florida in 1944: *gangsterismo*. Political networks connecting the sugar barons into Batista's Palace Gang began competing violently over market-share in the market for government. Politics became criminalized and paramilitarized. This may offer important lessons for countries where a weak capital today relies on local warlords and tribal militias for stability – Afghanistan, Libya, Somalia, Syria, Yemen – and, as discussed in Chapter 10, for contemporary peace operations' exit strategies.

Understanding the difference between mafias and warlords may also help us predict where each will emerge. Mafias, as we have seen, seem likely to emerge where there is a demand for government suddenly created and corruptible governmental capabilities are at hand. Warlords and gang rulers, by contrast, are likely to emerge where governmental capabilities are physically withdrawing or collapsing, and new governmental capabilities must be developed on the basis of a coercive foundation. As highlighted in Table 1 above, this points us to several possible remedial opportunities to address the emergence of criminal autonomy, such as the physical extension of governmental capabilities (whether to border areas

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[1315] *Ibid.*
[1316] Felbab-Brown, *Shooting Up*, p. 129.
[1317] See Antonio Giustozzi, 'Genesis of a "Prince": the rise of Ismail Khan in western Afghanistan, 1979-1992', Crisis States Working Paper Series No. 2, Working Paper No. 4, September 2006 (London: Crisis States Research Centre).

or through improved urban planning and design), and the localization of governance (subject to effective corruption monitoring). These matters are discussed further in Chapter 10.

Merger: joint ventures

Batista in 1950s Havana, Salvatore Lima in Palermo, and the Bay Street Boys in The Bahamas all partnered with criminal groups in a third form of accommodation in the market for government: merging capabilities. Where autonomy requires an informal territorial segmentation of the market for government, and intermediation requires a jurisdictional segmentation, in the joint venture strategy the capabilities of criminal and political organizations are vertically integrated to operate simultaneously across the upperworld and underworld.[1318] Government becomes a co-production.

If there were 'mafia states' on display in Part Two, these were they. In each of the joint venture episodes studied, criminal actors used political assets within their criminal enterprises, and political actors used criminal capabilities as instruments of political action and statecraft.[1319] They adopted a strategy of 'mutuality, where the political and economic systems become dependent upon and subject to many of the services the criminal organizations have to offer', and crime is likewise organized – and not just protected – through political and state institutions.[1320] Batista, Lima and the Bay Street Boys all used the state's legislative capabilities, financing capabilities and security institutions to develop and grow criminal markets, and all in turn used the financial and coercive capabilities of criminal organizations for patronage-based governance and, in the latter cases, political campaigning. Access to criminal organizations' clandestine force projection capabilities and international corruption networks meant access to realms beyond day-to-day politics.[1321] And governance of political factions' participation in organized crime ventures became a basis for domestic government.[1322]

[1318] Compare William Reno, 'Illicit Commerce in Peripheral States', in Friman, *Crime*, p. 68.
[1319] This is similar to Doug Farah's concept of 'criminalized states'. See Farah, 'Transnational Organized Crime', p. 6.
[1320] Stanley A. Pimentel, 'Mexico's Legacy of Corruption', in Godson, *Menace*, pp. 175-197.
[1321] See Bayart et al.
[1322] Reno, *Warlord Politics*, pp. 8-10.

Understanding joint ventures in these terms also helps us to identify where they may emerge, and the developmental and geostrategic consequences. Post-conflict and post-transition states with weak local rent-extraction opportunities in the licit economy seem particularly vulnerable to joint venture strategies between local political elites and foreign criminal groups. And once a joint venture arrangement is in place, it skews economic development. As we saw in Batista's Havana, Lima's Palermo and on Grand Bahama, the development of a broad productive base and effective taxation system is displaced as the basis of government by criminal patronage.[1323] Democratic politics gives way to, or hides, 'court politics', with rulers *minimizing* the provision of, or inclusive control over, public goods in order to *maximize* dependence on the ruler's favour.[1324]

Maintaining such a joint venture depends on the maintenance of a system of social repression, though that system can become internalized and normalized, as the Sicilian experience with *omertà* makes clear. As Batista learned the hard way, if a ruler's grip on this system slips, the hollowing out of state institutions – particularly in the security sphere – can become counter-productive. The corrosive effects of corruption on the Cuban military opened the door to Castro's revolution, just as corruption in the Malian military contributed to the success of the Touareg insurgency in 2011 (see further below), and corruption in the Iraqi military opened the door to the military successes of Daesh (a.k.a. ISIS or ISIL) more recently.[1325]

This also points us to remedial opportunities for addressing joint ventures, centred around promoting the democratic accountability of the state's governmental capabilities and institutions, such as armed forces, economic development organizations, and financial regulators. Promoting such accountability weakens the ability of political and military elites to form clandestine joint ventures with local and foreign organized crime actors. The episodes in Part Two suggest that campaign finance reform will be particularly important for limiting opportunities

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[1323] William Reno, 'Mafiya Troubles, Warlord Crises', in Mark R. Beissinger and Crawford Young eds., *Beyond State Crisis?: Postcolonial Africa and Post-Soviet Eurasia in Comparative Perspective* (Washington DC: Woodrow Wilson Center Press, 2002), p. 108; William Reno, 'Clandestine Economies, Violence and States in Africa', *Journal of International Affairs,* vol. 53, no. 2 (2000), pp. 436-437; and Bayart, et al.

[1324] Reno, 'Clandestine Economies', pp. 442-443; 'Mafiya Troubles', p. 108.

[1325] Patrick Cockburn, *The Jihadis Return: ISIS and the New Sunni Uprising* (New York and London: OR Books, 2014), pp. 50-55; and see David D. Kirkpatrick, 'Graft Hobbles Iraq's Military in Fighting ISIS', *N.Y. Times*, 24 November 2014.

for strategic corruption, a point further explored in Chapter 10.[1326]

But as Jim Woolsey's discussion of the hypothetical Russian trading executive recounted at the beginning of this dissertation suggests, joint ventures also raise particularly acute concerns at the inter-state level. They make it hard to figure out whether a state's behaviour is guided towards classical political objectives and the long-term welfare of the state, or the short-term enrichment of state rulers. Will Reno warns of the criminal manipulation of 'the façade of the … State's globally recognized sovereignty for … commercial gain'.[1327] As Moisés Naím has pointed out, this risks destabilizing systemic effects, corroding trust within international society and reciprocity as the basis for international order.[1328] The guarantees afforded by the international system to sovereign states – territorial integrity, a large degree of immunity from external coercion, and eternal life – start to lose credibility. First, they risk being seen to promote free-riding on the privileges of sovereignty, a concern heightened by allegations that states such as North Korea are deeply engaged in drug-trafficking and counterfeiting.[1329] Second, sovereignty guarantees risk being seen as ineffective, if states can use criminal proxies to penetrate each other's borders, economies and governmental apparatus.

The danger is that the second dynamic becomes self-fulfilling: as trust corrodes within international society, states may increasingly look to strategies of subversion and to covert and 'hybrid' tactics to develop strategic advantage. For an idea of what this may look like, we can look to the Mob's role in post-Revolution Cuba (Chapter 8), or to recent events in Ukraine. The head of Russia's general staff Valery Gerasimov describes 'hybrid conflict' as a strategy involving 'the broad use of political, economic, informational, humanitarian and other non-military measures', as well as 'concealed' armed forces.[1330] This apparently includes organized crime.[1331] In Crimea, sometimes known as 'Ukraine's Sicily', the Russian-backed premier is now an alleged former gangster nicknamed 'the

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[1326] Compare Jeff Fischer, Marcin Walecki and Jeffrey Carlson, eds., *Political Finance in Post-Conflict Societies* (Washington D.C.: International Foundation for Electoral Systems, 2006).
[1327] Reno, 'Clandestine Economies', p. 435.
[1328] Naím, 'Mafia States', p. 101.
[1329] Chestnut.
[1330] Sam Jones, 'Ukraine: Russia's new art of war', *Financial Times*, 28 August 2014.
[1331] On hybrid warfare's relationship to organized crime, see especially Kilcullen, pp. 102-108.

Goblin'.[1332] The Cuban cases studied in Part Two make clear the dangers in such an approach: the loss of command and control, the introduction of autonomous 'wildcards' into inter-state rivalries, and the muddying of strategic signalling processes.

Strategic alliances

The turn to criminal proxies in inter-state rivalries suggests a fourth positioning strategy criminal groups can adopt in the market for government: strategic alliances, not with each other, but with states or other political organizations, against other rivals in the market. This moves us away from the question of how states and organized crime accommodate in the market for government, to an exploration of the dynamics of confrontation. In this section and the two that follow we consider three positioning strategies in the context of confrontation: strategic alliance; terrorism; and 'blue ocean' strategy, which is, in a sense a strategy of withdrawal. The essential features of each are captured in Table 2, below.

Table 2. Three Criminal Confrontation Strategies

	Strategic Alliance	Terrorism	Blue Ocean
Role of third party	Common adversary of both state and criminal group	Public – source of pressure on the state	Potential new state host
Underlying strategic approach	Balance of power	Indirect strategy	Structural transformation
Criminal vulnerability	Defection and betrayal	Alienation and popular resistance	Lack of local knowledge
Effective state responses	Defection/wedge strategies	Strategic communication to delegitimize criminal violence	Inter-state responsibility and elite accountability

[1332] Mark Galeotti, 'Will "Goblin" Make Crimea a "Free Crime Zone"?', *Read Russia*, 7 March 2014, at http://readrussia.com/2014/03/07/will-goblin-make-crimea-a-free-crime-zone/, accessed 14 March 2015.

Phil Williams has explained that the formation of strategic alliances *between* criminal organizations follows the same logic guiding alliance formation between legitimate businesses: it represents an effort to create competitive advantage against their rivals by sharing risk, accessing new resources, customers and revenues, and creating new products, value and economies of scale.[1333] How does this logic play out in alliances between criminal organizations, on the one hand, and states and other political organizations, on the other?

The Underworld Project (Chapter 5) and CIA-Mob alliance against Castro (Chapter 8) make clear that states and criminal groups sometimes form military alliances to compete with other states. These cases are by no means unique: there is also evidence of long-term US government cooperation with the *yakuza* in occupied Japan,[1334] with drug traffickers in Central America[1335] and Asia.[1336] Nor is it a purely American phenomenon: there is evidence of state officials from all five Permanent Members of the Security Council cooperating with organized criminal groups, though in some of these cases this cooperation was targeted not at foreign states, but at defeating rivals in the domestic market for government.[1337] The Mob's cooperation with the US Navy to combat union disruption to war efforts during World War Two (Chapter 5) offers another such example, as does the Italian state's cooperation with the mafia to defeat Giuliano (Chapter 6), and Genovese's possible collaboration with the Italian Fascist government to kill a labour activist in New York. And we can also imagine two rival mixed alliances, each incorporating at least one state or political organization and at least one criminal group, facing off. This study includes no clear examples of such competition at the inter-state level, but it does at the domestic level: the competition between the Marinelli-Mob and Hines-Schultz alliances discussed in Chapter 4, and the Cuban *gangsterismo* discussed in Chapter 7.

[1333] Williams, 'Transnational Criminal Organizations', pp. 61-63.
[1334] David E. Kaplan and Alec Dubro, *Yakuza: Japan's Criminal Underworld* (Berkeley: University of California Press, 2012).
[1335] Schulte-Bockholt, pp. 64-65; Peter Dale Scott, 'Drugs, Anti-communism and Extra-legal repression in Mexico', in Wilson, *Government of the Shadows*, pp. 173-194.
[1336] See especially McCoy.
[1337] On Russia, see Chapter 1. On the UK, see Chapter 6. On France, see Schulte-Bockholt, pp. 64-65. On China, see e.g. Shawn Shieh, 'The Rise of Collective Corruption in China: the Xiamen smuggling case', *Journal of Contemporary China*, vol. 14, iss. 42 (2005), pp. 67-91.

Such political-criminal alliances differ from intermediation and criminal autonomy strategies because they do not involve a segmentation of the market between the allies, but rather collaboration in defeating a mutual rival. As the Underworld Project showed, however, such an alliance may depend upon tacit accommodation between the state and criminal group. Nor are alliances the same as joint ventures: the latter involve the integration of capabilities, while the former leaves them separate. As the Underworld Project and subsequent events in post-War Sicily showed, however, alliances may provide fertile ground for the partners to develop such joint ventures. But joint ventures can also be created by independent design, as the Cuba and Bahamas episodes show.

Alliance with a political organization such as the state can however leave a criminal group vulnerable to defection by its ally. In Chapter 8 we saw how the protection afforded the Mob through its cooperation with the CIA against Castro ended when the US government reached an accommodation with Castro's own protector, the USSR, as a result of the Missile Crisis. The Missile Crisis also made clear that, just as Williams has discussed in the context of alliances between criminal groups, success in political-criminal alliances requires strong coordination mechanisms. Otherwise the activities of subordinate or peripheral actors can derail the alliance.[1338] Freelancing attacks by Mob actors following the Missile Crisis risked spoiling the fragile truce negotiated by the US and USSR. This highlights the risks of unintended or misunderstood strategic signalling, and the difficulty of inter-state deterrence, once public institutions turn to private instrumentalities to promote the state's strategic interests, as occurs through strategic alliances and joint ventures. Yet this appears to be the trend, particularly with the rise of 'state capitalism', explored briefly in Chapter 10.[1339] An improved understanding of the strategic logic of political-criminal alliances may therefore be even more useful to states in the future than it was in the historical period on which this study has focused.

[1338] Williams, 'Transnational Criminal Organizations', p. 63.
[1339] Glenny, pp. 71-96; Ian Bremmer, *The End of the Free Market: Who Wins the War Between States and Corporations?* (London: Portfolio, 2010).

Terrorism as criminal positioning strategy

A fifth positioning pattern can emerge – often temporarily – when an organized criminal group responds to confrontation by a state with an indirect strategy intended to intimidate the state's citizens into forcing a change in state policy.[1340] The logic of this approach is succinctly captured in the words of Salvatore 'Toto' Riina, the Sicilian mafia *capo di tutti capi* who ordered the assassination of politicians, judges and policemen, and the bombing of a church and the Uffizi Gallery, in the early 1990s: 'Wage war on the state first, so as to mould the peace afterwards.'[1341] This is terrorism as a criminal positioning strategy.

Where warlords and gang leaders confront the state directly in order to achieve a balance of military power and criminal autonomy, terrorism as a criminal strategy is the more obvious strategy of confrontation for clandestine criminal networks lacking standing military forces. The issues that generate acute confrontation between states and mafias – law enforcement policies, extradition, prohibition of certain commodities or services, prison conditions – tend to matter a great deal to those groups, but far less to the general public. Accordingly, if the criminal group can inflict significant costs on the public in a short time (and perhaps even attract sympathy to boot), the public may demand that the state sue for peace.

This was the logic behind the American and Havana Mobs attacks on civilian installations, especially sugar mills and oil refineries, in Cuba, intended to cause economic pain and foment civil disorder (Chapter 8). This was the logic of the attacks mounted by Pablo Escobar in Colombia in the 1980s and 1990s, which included the mid-air bombing of a civilian airliner, the assassination of several presidential candidates and an armed attack on the Supreme Court building, with a view to forcing the state to change its extradition policies. And it was likewise the logic of the *Primeiro Comando da Capital*, a powerful prison gang, which carried out three waves of attacks in Sao Paolo in 2012 designed to force changes in prison policies. Over 100 buses were firebombed, and banks, police stations, a metro station, and important bureaucratic offices were bombed or hit with grenades. Sao

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[1340] On 'indirect strategy' see Liddell Hart, p. 339.
[1341] Dickie, *Mafia Republic*, p. 391.

Paolo ground to a halt.[1342]

The worldwide proliferation of kidnapping as a tactic of non-state armed groups also owes something to this strategic logic, and can highlight divergences within an armed group over whether the maximization of criminal rents or ideological violence is the ultimate goal. Kidnapping for ransom is a highly effective form of predatory capital accumulation. Al Qaeda-affiliated groups are thought to have received at least $125 million in ransom payments from European governments in recent years.[1343] But kidnapping as a tactic also responds to a deeper strategic communications logic: it serves as a blunt instrument for armed groups to communicate with a large audience, attacking symbols of external oppression and claiming the mantle of community protector, while also encouraging the group or public associated with the targets to bring pressure to bear for a change of policy.[1344] Armed groups from Colombia to Nigeria to Afghanistan to Syria have used kidnapping as a terror tactic in this way.[1345] But as we see in the following chapter, in some cases – such as AQIM in the Sahel, and the Taliban – these strategic uses of terror tactics can come into direct conflict around the question of how to deal with hostages: as commodities to be sold, or as instruments for strategic communication through symbolic violence.

Treating terrorism as a criminal positioning strategy also points to an important nuance in how we understand the relationship between terrorism and organized crime.[1346] The strategic approach developed here suggests moving past treating 'terrorist' groups and 'criminal' groups as fixed identities, and instead looking at how armed factions strategically instrumentalise violence against civilians for a range of political, ideological and criminal purposes. This suggests that we recognize that a group's overall organizational strategy is the product of numerous internal and external forces, potentially including competition between different strategies promoted by different factions within the same group. Complex

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[1342] Bailey and Taylor.
[1343] Rukmini Callimachi, 'Paying Ransoms, Europe Bankrolls Qaeda Terror', *N.Y. Times*, 29 July 2014.
[1344] Hobsbawm, *Bandits*, pp. 154-157.
[1345] See Temitope B. Oriola, *Criminal Resistance? The Politics of Kidnapping Oil Workers* (Ashgate Publishing, e-book, 28 June 2013); United Nations, 'Report of the Analytical Support and Sanctions Monitoring Team', ('Monitoring Team Report') UN Doc. S/2015/79, 9 February 2015, paras 31-38.
[1346] Compare Williams, 'The Terrorism Debate'; Picarelli, 'Osama bin Corleone?'.

strategic actors such as Hezbollah and Daesh (ISIS) cannot easily be pigeon-holed as 'terrorist', 'insurgent', 'criminal' or even 'governmental'; they are complex organizations whose strategic goals and methods shift over time, in part as different internal factions prove more or less successful in strategically exploiting the opportunities and capabilities available to them.[1347] Only by carefully parsing these groups' use of terror tactics can we assess whether they are adopted in the pursuit of maximising control over criminal rents, or in pursuit of more ideological goals.

Still, criminal groups turn to terrorism at their own peril. Terrorism significantly raises the profile of the group, which may reduce the chance of accommodation with the state. It can be difficult to calibrate terrorist violence to ensure that, rather than persuading the public to push for a change in state policy, it does not end up alienating the public and fostering popular resistance, as Giuliano's May Day attack, the Mob's attacks on Cuba, Escobar's terrorism in Colombia, and Sicilian mafia terrorism in the early 1990s all seem to have done.[1348] By making the coercive foundation of criminal power so brutally obvious, criminal groups that turn to terrorism risk undermining the notionally consensual basis of the corrupt exchanges that underpin their power over the long-term. Terrorism involves moving from the 'throffer' of corruption (see Chapter 2) to a direct threat, from a mix of deterrence and inducement to a compellent strategy. That is likely to be perceived, by the target, as a loss of power: they are suddenly transformed from notionally autonomous partners in crime to obvious subordinates to the criminal group's will.

Even if a population is alienated by a criminal group's turn to terrorism, however, it may still succeed, if political actors and state agents feel the reputational or political costs of the campaign of terror are too high. That, indeed, was the outcome for the *Primeiro Comando da Capital* in Brazil, where terrorism won the relaxation of prison policies sought.[1349] And current litigation is Italy is exploring whether, similarly, the result of Riina's assault in the early 1990s was, notwithstanding public horror at mafia violence, a secret pact between the Italian

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[1347] On Hezbollah, see Levitt. On Daesh, Cockburn.
[1348] See Stephanie Kirschgaessner, 'Corleone businessman breaks omertà over mafia extortion', *The Guardian*, 27 January 2015.
[1349] Bailey and Taylor.

security services, leading political figures, and the mafia leadership.[1350]

Relocation and blue ocean strategy

The final ideal-type positioning strategy also emerges in response to confrontation, but involves relocation. Scholars and analysts have long argued that pressure by one state on a criminal group can lead that group to withdraw and relocate elsewhere – the so-called 'balloon effect'. But as Morselli and others have correctly pointed out, the journalistic representation of criminal relocation as 'effortless' ignores the constraints imposed by social, economic and regulatory context.[1351] As Diego Gambetta has noted, the mafia 'is a difficult industry to export. Not unlike mining, it is heavily dependent on the local environment.'[1352] Foreign mafias, simply put, lack local knowledge and connections, because of the long-term relational nature of the corruption required to secure protection from the state.[1353] Some of the episodes in Part Two bear this out. As Frederico Varese has indicated, foreign mafias usually face stiff competition from well-established local organizations with deeper social capital and access to trust networks, including state actors working illicitly.[1354] In New York, Italian-origin mafias faced just such competition from Tammany Hall, Irish and Jewish gangsters.

Yet Part Two also reveals several cases where criminal organizations *did* relocate, despite these barriers to entry into foreign markets. In the case of the Sicilian mafia's transplantation to New York, and the Mob's post-War reconnection with Sicily, this happened through migration or displacement of a kinship network with knowledge of mafia techniques, just as Morselli and others have identified in other cases.[1355] Here, as Varese predicts, mafia migration resulted not from a 'rational decision to open a branch in order to conquer a territory in a faraway land', but was 'more likely the outcome of unintended consequences'.[1356] But Part Two also includes at least two *other* cases where mafia relocation was *precisely* the

[1350] Gaia Pianigiani, 'President of Italy Questioned in Mafia Case', *N.Y. Times*, 28 October 2014.
[1351] Morselli, 'The mobility' (2011), pp. 166-167.
[1352] Gambetta, p. 251.
[1353] Paoli, 'Paradoxes', p. 66.
[1354] Varese, *Mafias on the Move*; Gambetta, pp. 146-187, 249-251.
[1355] Morselli et al. 'The mobility' (2010) and 'The mobility' (2011).
[1356] Varese, *Mafias on the move*, p. 21.

result of a 'rational decision to open a branch … in a faraway land': the Mob's move to Havana in the 1930s and to The Bahamas in the 1950s. Its efforts to stand up governments-in-exile to install in Cuba in the early 1960s, and its attempt to force its way into Haiti, arguably represent two failed further attempts. Here are examples of precisely that 'directed' relocation for which Morselli and colleagues say there is no real evidence.[1357]

As we saw in Chapter 8, this deliberate relocation was successful where it followed a criminal 'blue ocean' strategy. Rather than jostling with rivals for advantage in a crowded market, an ocean running red with the blood of competition, the Mob sailed off on its own into a 'blue ocean', finding a new, relatively uncontested market through vision and innovation.[1358] This succeeded where they convinced local strongmen and governing elites to form joint ventures and transform the local market for government – Batista in Cuba, the Bay Street Boys (and then Pindling) in The Bahamas. They failed – in Haiti, and with Castro – where they could not form such a joint venture. In each case, the Mob was doing exactly what Kim and Mauborgne suggest 'blue ocean' strategy requires: not competing with other rivals on product differentiation or on cost, but reconstructing the value chain through novel combinations of existing capabilities.[1359] In the process, they restructured the market for government.

In Sicily, when the mafia took this approach through its sponsorship of separatism, it raised the prospect of a criminal group acting as midwife to the creation of a new sovereign state. Although this did not happen, it did lead to Sicily being granted significant governmental autonomy, changing the Italian constitutional system. As Kim and Mauborgne put it: 'strategy can shape structure'.[1360]

[1357] Morselli et al., 'The mobility' (2010), p. 10 and 'The mobility' (2011).
[1358] Kim and Mauborgne, 'Blue Ocean Strategy' (2004/2011), pp. 123-142.
[1359] Kim and Mauborgne, *Blue Ocean Strategy* (2005).
[1360] Kim and Mauborgne, 'How Strategy Shapes Structure'.

10. Innovation, disruption and implications

In a society where the concept of citizenship is disappearing whilst the desire for a sense of belonging is growing stronger, where the 'citizen' with his rights and duties is giving way to the clan, the following, the clientele, in such a society as this, the Mafia looks increasingly like the model for the future.
Marcelle Padovani[1361]

The episodes considered in Part Two suggest that – though we may have forgotten or deliberately overlooked it – there has long been a variety of forms of competition, cooperation and collaboration between states and organized crime in the pursuit of governmental power. The positioning strategies identified in Chapter 9 suggest these may fall into certain ideal-type patterns. What can these patterns tell us about the strategic implications of organized crime today, and the apparent 'convergence' between statecraft, business and organized crime that former CIA Director Jim Woolsey warned of two decades ago? Are 'mafia states' the result of new trends, or an old phenomenon repackaged?

In this final chapter, we consider two contemporary cases of protracted violence – Mexico and the Sahel – in which the strategic logic of organized crime has played an important role. These cases suggest that while criminal groups are still using the same positioning strategies that emerged in the historical episodes considered in Part Two, globalization may be intensifying the apparent 'convergence' between politics and crime, by lowering barriers to entry into the market for government in ways that foster innovation by criminal groups with new forms of governmentality. The result is the emergence of new, hybrid forms of governmentality and, increasingly, the disruption of state sovereignty's dominance as the model of government preferred by consumers around the world. Strategy, increasingly, needs to look beyond the state. The chapter and the dissertation close with brief reflections on how understanding the strategic logic of organized crime may strengthen not only strategic theory, but also practical efforts to combat organized crime, and the management of criminal spoilers in peace and transition processes – in other words, contemporary statecraft.

[1361] Marcelle Padovani, 'Introduction', in Falcone, *Men of Honour*, p. xvii.

Innovation and disruption

Mexico: from narcocartels to narcocults

Drug-trafficking related violence in Mexico between 2006 and 2012 officially led to at least 60,000 deaths.[1362] The 71-year rule of the *Partido Revolucionario Institucional* (PRI) at the federal level in Mexico provided a framework for relatively peaceful competition between various governmental actors, including drug-trafficking mafias operating at the state and regional level in cooperation with corrupt local politicians and federal military actors.[1363] Just as the 1944 removal of Cuba's strongman, Batista, triggered the violent competition known as *gangsterismo*, similarly, the PRI's loss of political power in Mexico at the turn of the century set the stage for increasingly violent competition between 'cartels' in the Mexican underworld. This violence was, however, also fuelled by the expiry of a US ban on the sale of assault weapons in 2004, lowering barriers to entry into the competition for even small criminal groups; and vacancies in hemispheric drug-trafficking supply-chains resulting from stepped-up law enforcement in Colombia and the Caribbean.[1364] The result was a rapid escalation of violence as cartels developed different positioning strategies, and different governmentalities, in response to local conditions in the market for government and the capabilities to hand.

One of the first movers was the Sinaloa Cartel, amongst the wealthiest drug trafficking organizations in the world. A classic trafficking mafia, it had long intermediated corrupt exchanges between Mexican underworld and upperworld actors to move illicit narcotics to the US.[1365] Like other mafias, it developed out of a kinship network – this one around a pioneering trafficker in Sinaloa state in the 1960s, Pedro Avilés Pérez. His nephew, Joaquín 'El Chapo' Guzmán emerged in the 1990s as Sinaloa's leader. After 2009 El Chapo appeared in Forbes' global

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[1362] Nick Miroff and William Booth, 'Mexico's drug war is a stalemate as Calderon's presidency ends', *The Washington Post*, 26 November 2011.
[1363] Peter Andreas, 'The Political Economy of Narco-Corruption in Mexico', *Current History*, vol. 97, no. 618 (April 1998), pp. 160-165.
[1364] Juan Camilo Castillo, Daniel Mejia and Pascual Restrepo, 'Scarcity Without Leviathan: The Violent Effects of Cocaine Supply Shortages in the Mexican Drug War', Center for Global Development Working Paper No. 356, Washington D.C., 26 February 2014.
[1365] Malcolm Beith, 'A broken Mexico: allegations of collusion between the Sinaloa cartel and Mexican political parties', *Small Wars & Insurgencies*, vol. 22, no. 5 (2011), pp. 787-806.

'Rich List', his net worth around $1 billion.[1366] Notwithstanding Guzmán's notoriety, Sinaloa kept a generally low profile, claimed to eschew kidnapping and extortion, and may at times have worked with other cartels to minimize inter-cartel violence in an attempt avoid confrontation with the state, just as the American mafia Commission sought to in the 1930s.[1367]

It may have been Sinaloa's market revisionism after PRI's fall, however, that triggered a dangerous arms race amongst the cartels, with the rival Gulf Cartel hiring members of the Mexican Army's elite GAFE unit, joined by Guatemalan *Kaibiles* unit counterparts. The group, known as *Los Zetas* after their military call-signs ('Z-#') soon broke away as independent and dangerously disciplined, well-trained criminal unit.[1368] The group's martial culture quickly differentiated it from other cartels: rather than intermediating, the Zetas used 'clear and hold' tactics, asserting monopolistic extortion powers over criminal and licit markets alike within their territory.[1369] They were moving towards a posture of criminal autonomy. The Zetas quickly expanded from drug trafficking into extortion, racketeering, kidnapping, human smuggling and oil theft. But because their rents were extracted through predation, rather than production, they had little need for popular support; to achieve control of territory they terrorized the population into submission, massacring 72 migrants near the town of San Fernando (Tamaulipas), dumping 49 decapitated victims near Cadereyta (Nuevo León) and burning down a Monterrey casino.[1370]

In the US debate has raged as to whether the Zetas' military tactics justify their characterization as a 'criminal insurgency', or whether their reliance on terror tactics means they are better thought of in terms of 'narcoterrorism'. This was not merely a semantic debate; it could also have major legal and bureaucratic implications. Both analytic approaches stumbled, however, on whether the Zetas

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[1366] 'The World's Billionaires: 937 Joaquin Guzman Loera', *Forbes Magazine*, 10 March 2010.
[1367] Elyssa Pachico, 'Baja California: A Test for Mexico's Pax-Mafioso?', *InSight Crime*, 17 April 2013.
[1368] Ricardo Ravelo, *Osiel: Vida y Tragedia de Un Capo* (Mexico City: Griajalbo, 2009). The Zetas' origins are also recounted in alleged video testimony by founding Zeta Jesús Enríquez Rejón following his arrest on 4 July 2011. See Mexican Federal Police, 'Entrevista a Jesùs Enrique Rejón Aguilar', July 2011, at www.youtube.com/watch?v=YUD5Tcq9NIw, accessed 14 March 2015.
[1369] Diego Enrique Osorno, *La guerra de los Zetas: Viaje por la frontera de la necropolitica* (New York: Vintage Español, 2013).
[1370] International Crisis Group, 'Peña Nieto's Challenge: Criminal Cartels and Rule of Law in Mexico', Crisis Group Latin America Report No. 48, 19 March 2013, p. 12.

had political goals – as is expected of both insurgents and terrorists. In late 2011 a series of *narcomantas* in Nuevo Laredo seemed to suggest they did: 'Let it be clear that we are in control here and although the federal government controls other cartels, they cannot take our *plazas*.' But a new set, weeks later, signalled a more oligopolistic goal:

> We do not govern this country, nor do we have a regime; we are not terrorists or guerrillas. We concentrate on our work and the last thing we want is to have problems with any government, neither Mexico nor much less with the US.[1371]

What was going on? The 'positioning strategies' framework offered in the previous chapter provides an answer. The Zetas was neither a mafia, an insurgency, nor a terrorist group: it was pursuing a strategy of criminal autonomy, using force to develop a monopoly on illicit governmental power within specific territories, with a view to extracting criminal rents, and with little interest in *formal* governmental responsibility. It was becoming more like a federation of warlords than a traditional mafia.

The Zetas' search for autonomy soon led it beyond Mexico's borders. In 2007 the Zetas formed a strategic alliance with Guatemala's Overdick mafia, sent 500 paramilitary operatives over the border into Guatemala's northern Petén province, and consolidated the alliance by assassinating the scion of an Overdick rival, the Leone family.[1372] The Zetas thus acquired a strategic reserve space where it could operate relatively unmolested by the Mexican or Guatemalan state, or its Mexican criminal rivals. This was akin to a multinational corporation or a state outflanking a local rival by opening up a new foreign front with the aim of acquiring new resources or, if the local rival decided to compete on the foreign front, draining the rival's resources. Indeed, Sinaloa soon took the bait, forming its own alliances with local Guatemalan criminal groups, internationalizing Mexico's drug war.[1373]

But the Zetas faced other strategic problems in Mexico. As its core ex-

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[1371] Patrick Corcoran, 'Zetas: We are not Terrorists, Nor Guerrillas', *Insight Crime*, 15 December 2011.
[1372] See Steven Dudley, *The Zetas in Guatemala*, *InSight Crime*, Special Report, Medellín, 8 September 2011; Hal Brands, *Crime, Violence, and the Crisis in Guatemala: A Case Study in the Erosion of the State* (Carlisle PA: Strategic Studies Institute, 2010).
[1373] Miriam Wells and Hannah Stone, 'Zetas Fight Sinaloa Cartel for Guatemala Drug Routes: Perez', *InSight Crime*, 14 January 2013.

military expertise was eroded by confrontation with the state and rival cartels it was forced to recruit increasingly from local gangs and *Mara Salvatrucha 13* (MS-13), a transnational street gang formed in California and exported to Central America through US deportation policies in a manner similar to the transatlantic mafia migrations over the previous century.[1374] The Zetas' military training and culture was steadily diluted. Increasingly its local outfits began forming links with local state actors and reverting to the interposition approach of mafia *cosche*. The Zetas' governmental grip over its own units and, increasingly, over local populations, was weakening. By 2011 it was facing populist revolts in some communities, sometimes organized through online social media. By 2012-2013 the leadership structure was under sustained assault from the state. The organization became increasingly decentralized, and slowly began to fragment.[1375]

The Zetas' combination of criminal strategy and martial culture and organization was not the only such experiment in Mexico with hybrid governmentality. Two others emerged in the state of Michoacán, home to major marijuana production and the drug precursor importation hub of Lazaro Cardenas. The first was *La Familia Michoacana*, part narcocartel, part narcocult.[1376] In 2004, Nazario Moreno González (a.k.a. 'El Chayo' – 'the Rosary' and 'El Mas Loco' – the 'Craziest One') spun off from a Michoacán criminal group *La Empresa* (literally, 'the company'). His new group adopted the terrorizing paramilitary tactics of the Zetas, and like them expanded from drug trafficking into extortion, human smuggling and kidnapping. But Moreno González's background was not in the military, like the Zetas' founders; he was a zealously evangelizing Jehovah's Witness. That religious sect's traditions became the source from which La Familia spun its new organizational culture and governmentality.

La Familia recruited from the ranks of drug addicts, alcoholics, and juvenile delinquents, promising rehabilitation, empowerment and self-renewal. Members

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[1374] Clare Ribando Seelke, *Gangs in Central America*, CRS Report RL34112, US Congressional Research Service, Washington D.C., 20 February 2014.
[1375] See Elyssa Pachico and Steven Dudley, 'Why a Zetas Split is Inevitable', *Insight Crime*, 24 August 2012; Samuel Logan, 'The Future of Los Zetas after the Death of Heriberto Lazcano', *CTC Sentinel*, 29 October 2012; Dudley Althaus, 'What Follows Zetas Leader's Takedown in Mexico', *Insight Crime*, 16 July 2013.
[1376] See generally George W. Grayson, *La Familia Drug Cartel: Implications for U.S.-Mexican Security* (Carlisle PA: Strategic Studies Institute, 2010); and William Finnegan, 'Silver or Lead', *The New Yorker*, 31 May 2010.

were indoctrinated through compulsory bible study and the enforcement of codes requiring abstinence from alcohol, tobacco and drugs. This created a sense of in-group identity and superiority to the morally destitute external population. Both its internal and public rhetoric characterized La Familia members as self-liberated agents of 'divine justice' in a Manichean struggle.[1377] All of this served to create a cult-like governmentality amongst the membership, framed in terms of fictive kinship. Just like child soldiers being indoctrinated into armed groups, Familia recruits were forced to disown their old family in favour of their new *familia*, or risk violent recriminations against both themselves and their biological kin.[1378] Out of loyalty to this new family and its god, Familia members committed acts of astonishing savagery. The announcement of their arrival on the scene came attached to 5 severed heads lobbed onto a nightclub dance floor. Later victims were cooked.[1379]

In the absence of strong leftist political parties during this period, cartel propaganda including the hugely popular *narcocorridos* (narcoballads) [1380] developed into a quasi-political discourse framed around notions of personal and collective redemption and resistance to injustice.[1381] This 'narcoculture' served to normalize crime, providing the social foundation of what George Grayson has described, in the case of Michoacán, as 'dual sovereignty':

> parallel to the elected government stands a narco-administration that generates employment (in growing and processing drugs), keeps order (repressing rival cartels), performs civic function (repairing churches), and collects taxes (extorting businesspersons).[1382]

This recalled the Italian Parliamentary Anti-Mafia Commission's description, a decade earlier, of the accommodation between the state and the Sicilian mafia as a non-aggression pact between 'two distinct sovereignties'.[1383] By 2009, however, Mexico's federal state sovereignty was in direct confrontation with

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[1377] See Grayson, *La Familia*.
[1378] Compare Kilcullen, pp. 128-129.
[1379] See Grayson, *La Familia*, p. vii.
[1380] See Elyssa Pachico, 'The Top 5 Most Infamous Narco-Songs', *InSight Crime*, 15 March 2012.
[1381] Howard Campbell, 'Narco-Propaganda in the Mexican "Drug War": An Anthropological Perspective', *Latin American Perspectives*, vol. 41, no. 2 (March 2014), pp. 60-77.
[1382] Grayson, *La Familia*.
[1383] Italian Parliamentary Commission of Inquiry into the Mafia phenomenon in Sicily. (1993) *Relazione sui rapporti tra mafia e politica* ('Relazioni Violante'), Legislature XI, Doc. xxxiii, no. 2 (Rome: Senate Printing Press), Audizioni in Calabria, p. 37 (author's translation).

La Familia's criminal sovereignty. In 2009 the Federal government revealed close, corrupt ties between La Familia and an array of municipal, state and federal politicians and officials in Michoacán.[1384] La Familia responded with attacks on federal military and police sites in 8 cities, leaving 19 federal personnel dead in two days. The state escalated its own response, and when in 2010 Moreno González appeared to have been killed the remaining Familia leaders formally dissolved the organization.

One group, however, probably with Moreno González hidden amongst them (having faked his own death), set up their own spin-off organization: *Caballeros Templarios*, or Knights Templar. The original Knights Templar was a mediaeval military order during the Crusades (1129-1312 A.D.), charged with defending pilgrims in the Holy Land, known for its members' piety, military prowess – and wealth. The Mexican Knights Templar combined the religious fervour of La Familia and the martial culture of the Zetas. They were governed by a written code of ethics positioning Knights as temporal intermediaries between the community and their unjust oppressors (the state and other criminal rivals), and spiritual intermediaries between the community and a divine upperworld. 'The members of the Order must fight against materialism, injustice and tyranny in the world', this code thundered, even as the Knights fought for controlling shares in local criminal markets. The code described their mission as an 'ideological battle to defend the values of a society based on ethics', and even instructed the Knights to be 'noble' and 'chivalrous'. [1385] Beyond their own walls, the Knights broadcast similar messages through the mass media, aiming to position themselves as protectors of traditional Michoacán values and culture.[1386]

Some have described the Knights as representing a new form of 'spiritual insurgency'.[1387] This suggests, misleadingly, that the Knights sought to overthrow the existing political system. That is not the case; like mediaeval knights, they were

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[1384] See George Grayson, 'La Familia Michoacána: A Deadly Mexican Cartel Revisited', *FPRI E-notes*, August 2009, on file with the author.
[1385] See Associated Press, 'Excerpts of "Code of the Knights Templar" cartel', *Yahoo! News*, 20 July 2011, at http://news.yahoo.com/excerpts-code-knights-templar-cartel-092225002.html, accessed 14 March 2015.
[1386] See 'Con narcomantas Los Caballeros Templarios anuncian su repliegue en Michoacán', 13 March 2013, *Blog del Narco*.
[1387] John P. Sullivan and Robert J. Bunker, 'Rethinking insurgency: criminality, spirituality, and societal warfare in the Americas', *Small Wars & Insurgencies*, vol. 22, no. 5 (2011), pp. 742-763.

happy to wield violence selectively and instrumentally, dressing their violence up as corrections of injustice *within* the system. Like mediaeval knights, mass violence was not directed at overthrow of the governmental system itself (feudalism then, the state now), but rather at rivals within the system, or those treated as enemies of the system. Spiritualism served as a framework for the Knights to develop a niche intermediary role in the market for government, as it does for local armed groups in other parts of Latin America.[1388] In communities where the Knights held sway, shrines to 'Saint Nazario' (i.e. El Chayo) sprang up, supplicants praying to him as the 'protector of the poorest' and a 'representative of God' to intercede on their behalf with the ultimate upperworld power.[1389] Yet effective governmental intermediation also required more prosaic, temporal methods. The Knights are suspected of having donated millions of dollars to multiple political parties in Michoacán's 2011 gubernatorial campaign; having provided thugs to intimidate campaign staff and damage campaign premises; having blocked highways to reduce votes in some districts; and having corrupted vote-counting and polling station officials.[1390] This was more a spiritualized mafia than a spiritual insurgency.

The shifting sands of the Sahel

Just as changes in the global strategic environment provoked innovation in Mexico's market for government, so they have stimulated governmental innovation in the Sahel over the last decade and intensified the convergence of crime and politics.

The interdiction efforts in the Caribbean that contributed to the growth in Mexican drug violence also created a balloon effect in West Africa and the Sahel as, starting around 2002, Colombian and Venezuelan drug traffickers pioneered new trans-shipment routes to Europe. Huge sums of money suddenly became available to local state authorities, tribal leaders and militia leaders willing to accommodate these foreign traffickers, transforming the Sahelian market for government.[1391] In

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[1388] See Enrique Desmond Arias, 'Violence, Citizenship, and Religious Faith in a Rio de Janeiro Favela', *Lat. Am. Research Rev.*, vol. 49 (2014), pp. 149-167.
[1389] Tracy Knott, 'Dead Drugs Boss "Sainted" in Mexico', *InSight Crime*, 19 July 2012.
[1390] Eduardo Guerrero Gutiérrez, 'El crimen organizado en las elecciones', *Nexos en línea*, 1 June 2012, at http://www.nexos.com.mx/?p=14872, accessed 14 March 2015.
[1391] See UNODC, *Drug Trafficking as a Security Threat in West Africa* (Vienna: UNODC, October 2008), p. 3; Wolfram Lacher, 'Organized Crime and Terrorism in the Sahel: Drivers, Actors, Options', SWP Comments 1 (Berlin: SWP, January 2011).

the littoral and urban centres, narco-dollars fuelled political corruption and planted the seeds of several joint ventures between state rulers and foreign trafficking organizations, the most spectacular in Guinea-Bissau. Recalling Aerovías Q in Cuba, Bissau-Guinean military leaders put airports, ports and naval vessels at foreign traffickers' disposal, turning state assets into criminal resources, and using criminal rents as a basis for government patronage.[1392] In ensuing years, cocaine trafficking seemed to become increasingly integral to formal politics along the West African coast from Mauritania to Benin, and to the more informal tribal politics of the Sahel.[1393] Competition between rival political-criminal alliances sometimes played out through political assassinations (Guinea-Bissau), and sometimes through direct inter-cartel violence.

As in Cuba, the boom in the illicit economy eroded state capacity and upset existing power structures, especially in northern Mali.[1394] Northern Mali, sparsely populated and weakly governed by the state after several decades of Touareg militancy, and long a venue for informal cross-border trade and illicit smuggling, became a key location for drug, arms and hostage exchanges.[1395] Between $40 million and $65 million in ransoms appears to have been paid by European governments to actors in the region between 2008 and 2012, a huge windfall for non-state competitors in the market for government.[1396] All of this 'empowered a new criminal class who mediated the distribution of profits' from these illicit markets.[1397] Drug and ransom money was laundered through local 'development' and construction projects into local politicians and tribal leaders' pockets. A 2010 Malian state audit found $224 million in rural development funds had gone missing. Across local Arab and Touareg communities, traditionally 'vassal' clans used criminal revenue to revise political settlements, defeating traditional 'noble' clans. An affluent area of Gao, a north Mali city, became known as 'Cocainebougou', or

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[1392] Tuesday Reitano and Mark Shaw, *The end of impunity? After the kingpins, what next for Guinea-Bissau?*, ISS Policy Brief 44 (Pretoria: ISS, July 2013).
[1393] Lacher, 'Organized Crime and Conflict'.
[1394] See especially GITOC, 'Illicit Trafficking'; and Morten Bøås, 'Castles in the sand: informal networks and power brokers in the northern Mali periphery', in Mats Utas, ed., *African Conflicts and Informal Power: Big Men and Networks* (London: Zed, 2012), pp. 119-134.
[1395] See Serge Daniel, *Les Mafias du Mali* (Paris: Descartes, 2014).
[1396] Lacher, 'Organized Crime and Conflict', p. 9.
[1397] GITOC, 'Illicit Trafficking', p. 2.

'Cocaine-ville'.[1398]

Even as Western donors hailed Mali as a democratic and development success story, some state officials were quietly accommodating their criminal rivals. Echoing the mafia's sponsorship of Sicilian separatism half a century earlier, traffickers appear to have played an important role in convincing the state to back a policy of administrative decentralization adopted for northern Mali around 2006-2007, ostensibly as a political resolution to long-standing conflict with Touareg separatists. Decentralization created many small, weak local councils over which traffickers could more easily develop power.[1399] Organized crime became locally entrenched, manipulating the post-conflict settlement to its own benefit.[1400]

When Muammar Gaddafi fell from power in Libya in 2011, thousands of Touareg soldiers serving in his armed forces returned to northern Mali with a considerable arsenal. This provided another external shock on the market for government in the Sahel, significantly lowering the costs of organizing coercion. Touareg Libya veterans and defectors from the Malian army quickly created several new separatist groups, most notably the *Mouvement National de Libération de l'Azawad* (MNLA),[1401] which indicated that it would use 'all means necessary' to end Mali's 'illegal occupation' of 'Azawad' – the Tamshek-language name for the western Sahel north of Timbuktu.

The MNLA made rapid military advances. As in Cuba under Batista or the recent collapse of the Iraqi military in the face of Daesh (ISIS) onslaught, the Malian national military was revealed as a hollow shell, its morale and effectiveness fatally weakened as criminal patronage had replaced operational considerations in appointments, investment and planning.[1402] As informal regulators of cross-border exchanges, military leaders had become influential brokers in drug-trafficking and hostage markets, and the military had become more a criminal patronage system than a fighting force.[1403] Competition within the drug market had also fuelled

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[1398] *Ibid.*, pp. 10-11.
[1399] *Ibid.*, pp. 12-13.
[1400] Lacher, 'Organized Crime and Conflict', pp. 11-13.
[1401] The group's website is http://www.mnlamov.net/, accessed 14 March 2015.
[1402] See GITOC, 'Illicit Trafficking', p. 12.
[1403] Judith Scheele, 'Tribus, États et frauds: la region frontalière algéro-malienne', *Études rurales*, vol. 184, no. 2 (July-December 2009), p. 91.

trafficking in arms from state arsenals, further weakening military readiness.[1404]

In the face of Touareg insurgent gains, in March 2012 a group of despondent mid-level military officers in Bamako led a *coup d'état*. By April 2012 Touareg forces had taken control of most of Mali north of Mopti and declared the independence of a new secular state, Azawad.[1405] At this point, however, tensions emerged between the MNLA and its Islamist allies in the Touareg insurgency. One of these was *Ansar Dine* ('Defenders of the Faith'), formed by Iyad Ag Ghaly.

Ag Ghaly was nicknamed 'the Strategist'. He had been an important Touareg rebel leader in the late 1980s, a Malian diplomat in Saudi Arabia in the early 2000s, and then an influential broker in northern Mali's hostage market. When he failed to win leadership of his Touareg tribe and the MNLA he adopted a new positioning strategy, drawing on his familial connections to the leading regional Islamist militant group, Al Qaeda in the Islamic Maghreb (AQIM), to create a new Touareg Islamist organization – Ansar Dine.[1406] Ag Ghaly was the cousin of the leader of AQIM, itself the successor to the *Groupe Islamique Armé* (GIA) and the *Groupe Salafiste pour la Prédication et le Combat* (GSPC) in Algeria, displaced from the Maghreb into the Sahara by Algerian military action in the 1990s. GSPC had looked to the Sahara as a staging area for strategic action in northern Algeria's population centres. But over time its positioning strategy shifted from a transnational terrorist approach to something closer to criminal autonomy. GSPC's Sahelian wing put down local roots as it forged commercial, political and marriage alliances with local Arab tribes and trafficking networks. The leader of this Sahelian wing, Mokhtar Bel Mokhtar, became known as 'Mr Malboro' for his role in trafficking cigarettes to the Maghreb. The group's strategic communications increasingly emphasized issues not of Maghreb politics, but local Sahelian autonomy.[1407] But this shift in the Sahelian group's strategic outlook led to significant inter-factional tensions within GSPC after 2004, particularly over whether hostages should be treated as sources of criminal rent (ransoms, Bel

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[1404] Lamine Chiki, 'AQIM Gets Help from Mali Officials – ex-Rebel', *Reuters*, 12 August 2010.
[1405] Lydia Polgreen and Alan Cowell, 'Mali Rebels Proclaim Independent State in North', *N.Y. Times*, 6 April 2012.
[1406] Peter Beaumont, 'The man who could determine whether the west is drawn into Mali's war', *The Guardian*, 27 October 2012.
[1407] Rukmini Callimachi, 'Rise of Al-Qaida Sahara Terrorist', *Associated Press*, 28 May 2013.

Mokhtar's view) or instruments for symbolic political messaging (the view of GSPC leadership in the Maghreb).[1408] In 2007 the Arab leadership of GSPC reasserted the group's terrorist identity, pledging allegiance to Usama bin Laden and turning GSPC into an official Al Qaeda franchise, Al Qaeda in the Islamic Maghreb (AQIM). But by declaring the focus of the organization to be the Maghreb, and with its leadership entirely Arab, that left space in the Sahelian market for a group with more localized branding and communications. The *Mouvement pour l'Unicité et le Jihad en Afrique de l'Ouest* (MUJAO) was spun off in mid-2011, announcing itself with videos featuring sub-Saharan Africans speaking in both English and Hausa. Through engagement with the Sahel's illicit economy, it thrived 'as both a criminal enterprise and a jihadist organization'.[1409]

MUJAO, AQIM and Ansar Dine all supported MNLA during the Touareg insurgency of 2011-2012. But when MNLA declared Azawad's independence as a secular nation-state, the divergence in the groups' strategic goals became clear. AQIM, MUJAO and Ansar Dine all sought the imposition of Islamist rule. But Ansar Dine sought to achieve this goal within the framework of Malian sovereignty, while the others sought to replace the Malian state, and other Sahelian states, with an Islamist governmental structure. By mid-2012 the three Islamist groups had pushed MNLA out of northern Mali's urban centres, imposing a harsh interpretation of *sharia* law, and absorbing many MNLA gunmen into their own ranks.[1410]

At this point, however, the Islamists' own strategic differences emerged. While they all sought to create 'a stable Islamic state', the AQIM leadership in the Maghreb wrote to its lieutenants and to Ag Ghaly, 'it is too early for that, God knows. Instead, it is necessary to be cautious in the matter and we must be more realistic'. AQIM's leaders warned about the over-hasty imposition of Wahhabi interpretations of *sharia* and the destruction of local *sufi* shrines, which risked alienating the local population. They pushed for AQIM and Ansar Dine militants to take a more incremental approach, continuing to work as allies with the Touareg

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[1408] See Jean-Pierre Filiu, 'Could Al-Qaeda Turn African in the Sahel?', *Carnegie Papers*, Middle East Program, No. 112 (Washington D.C.: Carnegie Endowment for International Peace, June 2010).
[1409] GITOC, 'Illicit Trafficking', p. 15. And see especially Francesco Strazzari, *Azawad and the rights of passage: the role of illicit trade in the logic of armed group formation in northern Mali* (Oslo: Norwegian Peacebuilding Resource Centre, January 2015).
[1410] Adam Nossiter, 'Jihadists' Fierce Justice Drives Thousands to Flee Mali', *N.Y. Times*, 18 July 2012.

separatists, to spread political risk and the costs of 'administration of the region' which, they assessed, 'exceed our military and financial and structural capability for the time being.'[1411] Apparently unpersuaded by their Maghreb-based colleagues, the Islamist militants in northern Mali remained hostile to the Touareg separatists. Governmental power in northern Mali was quickly territorially segmented amongst them: AQIM and Ansar Dine controlled Timbuktu, Ansar Dine controlled Kidal alone, and MUJAO controlled Gao. In Gao and Kidal, MUJAO and Ansar Dine forged close relations with Touareg traffickers, and separatism (which the traffickers had previously backed) seemed to lose political ground.[1412] In Timbuktu, however, when Berabiche Arab traffickers formed a local militia called the *Front National pour la Libération de l'Azawad* (FNLA) and attempted to form an alliance with AQIM against the MNLA, AQIM rejected the proposal, and expelled the FNLA. It dissolved, only to re-emerge as the *Mouvement Arab de l'Azawad* (MAA).[1413]

Despite this political instability, a French military intervention in early 2013 managed to limit violence largely to northern Mali. That intervention, which gave way to a United Nations stabilization force, in turn caused a reshuffling of alliances, as strategic competition shifted from overt military hostilities to political negotiations, with many Touareg nobles who had allied with Ag Ghaly and Ansar Dine breaking away to form a succession of political groups, such as the hybrid *Mouvement Islamique de l'Azawad* and the *Haut Conseil pour l'Unité de l'Azawad*. The MNLA in turn renounced its declaration of independence.

Militant and trafficking networks in northern Mali have thus generated a variety of separatist, Islamist and hybrid organizations over the last two decades. As Lacher concludes, 'The lines between groups are often blurry, alliances are temporary, and networks overlap.'[1414] 'In the last year alone', one Touareg subject interviewed for a 2014 study claimed, 'there are people who have changed from Malian military, to separatist rebel, to jihadist, to French ally, all while being narco-traffickers.'[1415] Market and organizational structures changed in kaleidoscopic

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[1411] See Pascale Combelles Siegel, 'AQIM's Playbook in Mali', *CTC Sentinel*, 27 March 2013.
[1412] Lacher, 'Organized Crime and Conflict', pp. 15-16.
[1413] GITOC, 'Illicit Trafficking', p. 15; Lacher, 'Organized Crime and Conflict', p. 16.
[1414] Compare Lacher, 'Organized Crime and Conflict', p. 16.
[1415] *Ibid.*

fashion as governmental entrepreneurs innovated, attempting to match the coercive capabilities to hand with persuasive governmentalities, responding dynamically to changes in the strategic environment.[1416]

Yet while there was organizational fluidity to the market for *government*, there was also a certain stability in the market for drug trans-shipment. A recent empirical study concluded that 'the collapse of the Malian state and subsequent Islamist takeover … had a negligible impact on illicit trafficking in northern Mali'.[1417] External shocks to the market for government might force rebranding and repositioning, but they did not disrupt the underlying logic of organized crime.[1418]

The disruption of sovereignty

In both Mexico and the Sahel, violent governmental entrepreneurs are innovating strategically, using the resources and capabilities at hand to respond to changing local conditions and opportunities. In the process, they are mixing and matching different sources of trust and governmentality well beyond statehood and citizenship: martial loyalty, kinship, clan- and tribe-membership, religion. The complexity of this innovation makes clear that there is no substitute for careful analysis of the capabilities and strategies of each organization, and even for the different strategic approaches of different factions *within* such organizations. Broad labels such as 'mafia states' and 'criminal insurgency' risk discouraging such nuanced analysis, without actually telling us much about a particular group's strategic outlook or how it will 'conduct its conduct'.

Why is the dominance of sovereignty as a business model in the market for government being similarly disrupted in theatres so geographically and socially far apart? The episodes studied in Part Two and the Mexico and Sahel cases just considered point to two basic reasons, each with major theoretical and practical implications.

First, all these cases suggest that rival governmental providers emerge where there is an unmet demand for government. As we saw in the preceding chapter, this is likely to be the case when populations are rapidly integrated into new markets, or

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[1416] On the 'politically kaleidoscopic' nature of contemporary strategic environments see Emile Simpson, *War From the Ground Up* (London: Hurst, 2012), p. 203.
[1417] GITOC, 'Illicit Trafficking', p. 9, see also pp. 14-15.
[1418] Lacher, 'Organized Crime and Conflict', p. 17.

old governmental arrangements withdraw or collapse, or new, weak political or regulatory structures are suddenly introduced. But it may also occur where populations lose faith in existing governmental arrangements, and look for new governmental solutions, as we may be seeing in Mexico and the Sahel. The result in each case is the same: space in the market for non-state providers of government. That space may, if anything, grow in the years ahead, as states struggle with the structural and social transformations that will be wrought by unprecedented urbanization, youth bulges, resource scarcity and climate change-induced natural disasters. Trust and other forms of social capital may be scarce, particularly where societies have been damaged by shocks such as conflict or mass population movements. The space for alternative providers of government such as gangs, warlords and mafias may expand.[1419]

Second, as suggested in Chapter 9, alternative providers of government seem likely to emerge only where the costs of organization (whether through corruption of existing governmental capabilities, development of new ones, or integration of criminal and state capabilities) are lower than the resulting rents. The episodes in Part Two and the cases earlier in this chapter suggest that globalization has steadily transformed the geography that solves this equation by changing cost structures and reorganizing value chains. Today, even local armed groups have much easier, cheaper access to the strategic capabilities that are needed to organize crime and provide governmentality – coercion, corruption and communications – significantly lowering the barriers to entry into the market for government. Globalization has specifically lowered costs in three areas: transportation, finance and communications.

The globalization of *transportation* gives groups controlling local resources, territory or officials the opportunity to tap into globalized value chains. In Cuba, the Bahamas and the Sahel, the result was access to new gambling and trafficking revenues that transformed local political economies. Cheaper transportation also means easier access to foreign weapons sources, lowering the cost of organizing coercion; Mexico and the Sahel show the disruptive results.

[1419] See Phil Williams, 'Lawlessness and Disorder: An Emerging Paradigm for the 21st Century', in Miklaucic and Brewer, pp. 15-36; and Nils Gilman, Doug Randall, Peter Schwartz, *Impacts of Climate Change* (San Francisco: Global Business Network, January 2007).

The globalization of *finance* simultaneously improves access to off-shore safe havens and investment opportunities once rents are captured, disembedding rents and rulers from local markets. As we saw in The Bahamas, criminal groups can become important brokers of laundering services for a range of political and governmental actors looking to move their profits into the global financial cloud. The same pattern has played out in Mexico.[1420] The result is a weakening of the link between local economic activity and political power, as political and military actors' interests become more closely aligned with foreign financiers and corporate interests, both licit and illicit, and less dependent on local communities and labour.

Finally, the globalization of *communications* cheaply connects local groups to a highly dispersed and fragmented market of potential consumers of new forms of governmentality. This allows remote association. Clandestine organizations such as terrorist groups have traditionally recruited through pre-existing social networks, using the social capital and trust within those networks to develop a governmentality which can induce young men and women to abandon their families and move around the world to participate in a cause, or even to suicide for the perceived benefit of strangers.[1421] But increasingly global social media offer non-state actors the prospect of bypassing these intermediating social networks, just as the advent of film, radio and television allowed Dewey, Kefauver and other American politicians to by-pass the municipal political machines, forming a direct relationship with political consumers. Following this strategic logic, Al Qaeda in the Arabian Peninsula, Daesh (ISIS) and Mexican drug cartels have all developed sophisticated social media capabilities, connecting directly with consumers of the governmentality they are offering, regardless of their location.[1422]

These changes in market conditions are producing an intensification of the interaction and convergence between 'crime' and 'politics', as they make criminal positioning strategies more cost-effective and viable. That suggests that we can expect organized criminal groups to remain a factor in politics and conflict. But

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[1420] Beith, *op. cit.*; and David Leigh, James Ball, Juliette Garside and David Pegg, 'HSBC files: Swiss bank hid money for suspected criminals', *The Guardian*, 13 February 2015.
[1421] See Scott Atran, *Talking to the Enemy: Faith, Brotherhood, and the (Un)Making of Terrorists* (New York: Harper Collins, 2010); Pape, pp. 173-198.
[1422] On the cartels, see Katie Collins, 'Guns, gore and girls: the rise of the cyber cartels', *Wired* (UK), 5 November 2014, at http://www.wired.co.uk/news/archive/2014-11/05/cyber-cartels, accessed 14 March 2015.

perhaps even more significantly, it suggests that we are seeing a disruption of sovereign statehood as the dominant business model for government. Entrepreneurial providers are experimenting with both external positioning strategy and internal organization to generate new governmental forms. They are drawing on a range of other sources to construct the methodologies, norms, and practical repertoires needed to govern the conduct of dispersed networks. Some adopt *fraternity* based models, organized around the social networks of tribes, clans and social cliques.[1423] Some adopt *faith* based models, drawing on religious sources ranging from *salafi* neo-jihadism to the warped evangelism of La Familia.[1424] And some adopt business-like *franchise* models, from the Sicilian mafia to the Central American *maras*, as well as outlaw motorcycle clubs. Speaking about the expansion of the Daesh (ISIS) brand to Libya, Algeria and Egypt, the Libyan Ambassador to the UAE recently warned: 'The Islamists … have learned the franchising model from McDonald's. They give you the methodology, standards and propaganda material.'[1425] They provide, in other words, a common governmentality: it is up to local entrepreneurs to adapt it to local conditions. This they do, as we saw in the case of AQIM considered earlier in this chapter, through combination with local governmental forms.

Still, the strength of the governmental bonds developed through such innovation remains to be seen. Social media allows organizations such as Daesh (ISIS) to lure teenagers thousands of miles to join their cause, and aids the spread of gangster and mafia culture. But the costs of monitoring and discipline are inevitably high in a virtual network, and it may prove difficult to maintain strategic discipline across such large distances, as Al Qaeda leaders have found in dealing with their various franchises. Strategic discipline may be easier to maintain in a co-located social group, or amongst state citizens. And hybridization and localization of governmental forms may not always produce effective results. On the contrary, as AQIM learned in the Sahel, it may lead to transnational political organizations losing control of their constituent parts as they become captured by local interests.

[1423] Compare Paoli, 'Criminal Fraternities'; Janine R. Wedel, 'Clans, Cliques and Captured States: Rethinking "Transition" in Central and Eastern Europe and the former Soviet Union', *Journal of International Development*, vol. 15. (2003), pp. 427-440.
[1424] Institute for Islamic Strategic Affairs, *Neo-Jihadism: A New Form of Jihadism. Leading and Emerging Actors* (London: IISA, 2015).
[1425] 'What Libya's Unraveling Means', *N.Y. Times*, 14 February 2015.

Understanding what drives an individual embedded within multiple governmental networks – such as Woolsey's putative Russian government official, or an Iyad Ag Ghaly or an El Chayo – may depend on understanding the relative strength of these different bonds, and how they interact.

Implications

War and strategy beyond the state

The startling conclusion that emerges from the evidence in this book is that not only states, but also some organized criminal groups, make war. Despite its unorthodoxy, this can be seen not as radical departure, but a return to Clausewitzian roots. Clausewitz thought of war as the pursuit of *politik* by other means – that is, violence. But this *politik* was not solely *state* policy, but rather 'the interests of the community'.[1426] He contemplated war-making by a range of non-state communities, including the 'semi-barbarous Tartars, the republics of antiquity, the feudal lords and trading cities of the Middle Ages'.[1427] A Clausewitzian take on organized crime thus requires recognizing that some criminal groups form communities that may pursue *politik* – and not just simply greed – through the strategic use of violence. These groups may not be collocated in a particular territory, nor aspire to formal recognition or even political authority; but the cases studied in this book suggest their power within and over politics is no less real.

Treating organized criminal groups as potential war-markers suggests a need to rethink our treatment of these groups in both strategic and international relations theory. Criminologists have recognized that criminal groups in illicit markets operate like states in the international system (i.e. strategically, under anarchy).[1428] But international relations theory treats the two realms as mutually exclusive, on the presumption that 'the criminal does not threaten the effective control of the state; in fact it relies on the state for providing the hierarchical [Westphalian] system in

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[1426] Clausewitz, *On War*, pp. 606-607.
[1427] *Ibid.*, p. 586. See further Mark T. Clark, 'Does Clausewitz Apply to Criminal-States and Gangs?', *Global Crime*, vol. 7, nos 3-4 (August-September 2006), pp. 407-427.
[1428] Williams, 'The Terrorism Debate', p. 265.

which to exist'.[1429] This study seriously challenges that assumption. It shows criminal organizations wielding substantial power directly on the international level, invading states, seeking to effect regime change, transforming political economies and political settlements, even threatening to create new states. There is a need for international relations theorists to re-examine the influence of private criminal organizations as strategic players in the international system in their own right.[1430]

Moreover, the study suggests a need to revisit the very notion of state 'sovereignty'. It suggests not just that sovereignty may be being 'softened',[1431] but that it now coexists with a variety of other powerful allegiances and 'social sovereignties'.[1432] In this sense, the future of the market for government may in *some* ways resemble the pre-Westphalian period, with individual and group strategies shaped by multiple overlapping identities, obligations and incentive-structures. Still, we should be cautious of proclaiming the Westphalian era dead, and the arrival of a 'New Middle Ages'.[1433] The effects of globalization are not to displace the state entirely, but to disrupt its existing business model, forcing it to compete, co-opt and collaborate with other providers of government, such as organized crime. The role of organized crime as a competitor for governmental power is not, as Part Two makes clear, entirely new; but globalization does, it appears, facilitate the use of criminal strategy by lowering some of the costs of entry into and survival in the market for government.

In the future, effective strategy may thus depend on understanding the incentives not only of states and their leaders and citizens, but also of complex transnational networks, some of them deliberately hiding their power from view.[1434] Competing with organized crime will be a central part of this task.

[1429] Anthony Vinci, 'Anarchy, Failed States, and Armed Groups: Reconsidering Conventional Analysis', *International Studies Quarterly*, vol. 52, no. 2, (2008), p. 304.
[1430] Compare Phil Williams, 'The Nature of Drug-Trafficking Networks', *Current History,* vol. 97, no. 618 (1998), pp. 154-159; Susan Strange, 'States, Firms and Diplomacy', *International Affairs*, vol. 68, no. 1 (January 1992), pp. 1-15.
[1431] Clunan and Trinkunas.
[1432] Robert Latham, 'Social Sovereignty', *Theory, Culture & Society,* vol. 17, no. 4 (2000), pp. 1-18.
[1433] Compare Rapley.
[1434] Compare Philip G. Cerny, 'Neomedievalism, Civil War, and the New Security Dilemma: Globalisation as Durable Disorder', *Civil Wars*, vol. 1, no. 1 (Spring 1998), pp. 36-64.

Combating criminal governmentality

If states are successfully to combat the convergence of organized crime and politics, they will need to heed the lessons from their own past experiences dealing with – and even collaborating with – organized crime. One crucially important practical insight that emerges from the episodes considered in this study is that the competition to govern is ultimately won and lost in the mind.

In New York, Sicily, Cuba, The Bahamas, Mexico and the Sahel, the hidden power of organized crime derived from people's choices to regulate their own conduct according to the secret rules and rulings of a private criminal system, rather than the public rule of law. And the less effective state government appeared, the more overt criminal governmentality became. Defeating organized crime means changing the calculus of these individual choices, so that people choose to be governed by the state, and not by criminal governmentality.

The case of Mali is instructive. One Touareg leader interviewed for a 2014 study stated simply:

> We have become a mafia culture… Everyone wants to be a part of it. Every youth in our society now wants to be part of the black economy… It makes development impossible.[1435]

Expert observers such as Wolfram Lacher argue that political power in northern Mali grows out of 'alliance with local criminal networks', and that any effective 'approach to the conflict must include strategies to break these alliances'.[1436] Yet at the time of writing, the international community lacks a clear strategy for 'breaking these alliances', beyond strengthening law enforcement and interdiction capabilities. How *can* these alliances be defeated, when these criminal networks draw their own governmental power from the 'mafia culture' described above? As in occupied Sicily, foreign military actors dealing with traffickers in Mali have chosen to favour stabilization over transformation, eschewing efforts to confront or delegitimize mafia culture. 'Our priority is counterterrorism', one French diplomat told researchers. 'When we stop a car, we are looking for weapons and explosives. Other than that, we let them go', even if there are suspicions of

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[1435] GITOC, 'Illicit Trafficking', p. 18.
[1436] Lacher, 'Organized Crime and Conflict', p. 19.

involvement in trafficking.[1437] Unsurprisingly, there are signs of the re-emergence of systematic corruption in Mali's politics, with several suspected drug traffickers elected to parliament.

The study also suggests, though, that where the state confronts organized crime solely through law enforcement and military means, short-term success rarely endures. Mori gaoled thousands, but the mafia returned to power. Dewey felled Luciano, only to be forced to release him ten years later. In the memorable phrase of mafia historian John Dickie, this is the common pattern of state strategy: 'sleep-walking into repression and then recoiling towards tolerance'.[1438] Strategic criminal groups figure this out. Research shows that states' all-too-predictable strategic reversals send a signal of competitive weakness that criminal adversaries learn to exploit.[1439] All they have to do is out-last state confrontation, and one form or another of accommodation is likely to return.

What would a more effective state approach look like? The lesson of Part Two seems to be that organized crime is weakened and its impacts on society greatly constrained when society rejects criminal governmentality – the 'mafia culture' described by the Touareg leader above. Criminal governmentality is organized crime's 'centre of gravity', a term Clausewitz used to symbolize an actor's 'hub of power', the central element of its forces or capabilities that keeps them all together, the source of its internal 'political connectivity'.[1440] A criminal group that is unable to maintain criminal governmentality is vulnerable to its members defecting, as Luciano, Giuliano and Batista all learned. A group that can extend its governmentality to new players can, in contrast, ride out even major political changes and state hostility, as the Sicilian mafia did after World War Two, and the Mob did in The Bahamas. This study suggests that more effective state policies for combating organized crime would need to focus much more on strategic communication and related methods to uncover, contain and delegitimize criminal

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[1437] GITOC, 'Illicit Trafficking', p. 9.
[1438] Dickie, *Mafia Republic*, p. 127
[1439] See David M. Kennedy, *Don't Shoot: One Man, A Street Fellowship, and the End of Violence in Inner-City America* (New York: Bloomsbury, 2011).
[1440] See Clausewitz, pp. 485-486, 595-596; and see Antulio J. Echevarria, '"Reining In" the Center of Gravity Concept', *Air & Space Power Journal*, Summer 2003, pp. 87-96.

governmentality. Four avenues in particular stand out as potentially promising for research and policy development.

First, states would invest significantly more in effective anti-corruption mechanisms within government institutions. Randomized control trials indicate that the credible threat of sanction created by effective anti-corruption monitoring systems is the most effective way to deter organized corruption in developing countries.[1441] Anti-corruption monitoring serves both as an effective preventive measure against criminal governmentality, and to expose actual corruption, which, once uncovered, can then be targeted for investigation, prosecution, or broader social delegitimization.

Second, states would focus more on harnessing the power of broadcast (and today, social) media when delegitimizing criminal governmentality. Dewey's radio addresses were crucial to Luciano's fall. Cracks in the dam of *omertà* in the US began to appear with the televising of the hearings of the Kefauver Committee and later Valachi's testimony. Criminal groups understand this vulnerability. The Sicilian mafia's attacks on the press were designed to safeguard *omertà*, and today Mexican cartels have made independent journalists and social media activists a recurring target for attack.[1442] Long-term investment in investigative journalism, the protection of journalists and free media may be crucial to resisting the hidden power of organized crime.[1443] Yet this is, at present, almost entirely absent from state and intergovernmental frameworks to combat organized crime. On the contrary, the increasing insistence in some quarters on secrecy on the grounds of counter-terrorism and 'national security' could hardly be better designed to create a more fertile environment for the development of ties between state intelligence institutions and criminal networks.

Third, state and intergovernmental policies would also work through other, context-specific strategic communications channels to combat criminal governmentality. One source of potential models is North American anti-gang

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[1441] See e.g. Ben Olken, 'Monitoring corruption. Evidence from a Field Experiment in Indonesia', *Journal of Political Economy*, vol. 115, no. 2 (2007), pp. 200-249.
[1442] Stone, 'Zetas' Biggest Rival'.
[1443] See Andrés Monroy-Hernandez and Luis Daniel Palacios, 'Blog del Narco and the Future of Citizen Journalism', *Georgetown Journal of International Affairs*, vol. XV, no. 2 (Summer/Fall 2014), pp. 81-91.

programming, which has found particular success through an epidemiological approach designed to disrupt the normalization of violence,[1444] and 'focused deterrence' efforts designed to ensure state agencies are better coordinated and thus send more consistent deterrence signals to specific criminal groups.[1445] Such models will need to be adapted to other contexts, for example by working with local tribal leaders, religious authorities and civil society organizations to counter criminal narratives and promote an alternative, more positive vision of statehood and citizenship.

Women seem to have a particularly important role to play here, by encouraging men to be governed not by violent, macho criminal culture but by more socialized, family-oriented values. Some counter-terrorism efforts encourage potential offenders to marry precisely because marriage seems negatively to correlate to participation in violent extremism; and there is evidence that women can be influential in anti-gang and community violence reduction initiatives for similar reasons, changing individuals' perceptions of their strategic outlook from one of violence leading to glory or death, to one of long-term family development and social respectability.[1446]

Fourth, in some cases, states may need to *harness* the organizational capabilities of groups involved in organized crime, in order to develop more effective delivery of governmental services under the state's own patronage.[1447] Careful further research is needed to identify the conditions under which such collaboration with local groups involved in organized crime will lead to the state co-opting them, and when it will lead to the opposite – accommodation and corruption. In El Salvador, a recent attempt by the state, working with the Catholic Church, to co-opt the *maras* through a truce process may have backfired, enlarging

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[1444] Charles Ransford, Candice Kane and Gary Slutkin, 'Cure Violence: A disease control approach to reduce violence and change behavior', in Eve Waltermaurer and Timothy Akers, eds., *Epidemiological Criminology: Theory to Practice* (Abingdon: Routledge, 2012), pp. 232-242.
[1445] Anthony A. Braga and David L. Weisburd, 'The Effects of Focused Deterrence Strategies on Crime: A Systematic Review and Meta-Analysis of the Empirical Evidence', *Journal of Research in Crime and Delinquency*, vol. 49, no. 3 (August 2012), pp. 323-358.
[1446] See e.g. Krista London Couture, 'A Gendered Approach to Countering Violent Extremism', Policy Paper (Washington DC: Brookings Institution, July 2014).
[1447] See further James Cockayne, *Strengthening mediation to deal with criminal agendas* (Geneva: Centre for Humanitarian Dialogue, November 2013).

those groups' political capital and strategic sophistication.[1448] The maras recently publicly threatened to swing the next election against the ruling party if it did not re-open talks.[1449] In contrast, in Haiti, the UN and NGOs found success working with local gangs to develop local rain harvesting, water distribution, sanitation, youth education, women's health and recreational services.[1450] As Robert Muggah puts it, '[i]nstead of marginalizing gangs' these programmes brought them 'into an iterative process of negotiation, dialogue, and ultimately self-regulation.'[1451] The process transformed these groups from being organized within a criminal system to being organized within the framework of civil society protected by the state. But the limited evidence and analysis relating to the incentive structures, amnesty conditions and reintegration programmes needed for such transformation programmes to be successful requires further expansion.[1452] As Table 1 in Chapter 9 suggests, in some cases folding the governmental capabilities of armed groups into the state system may also require extending state authority, whether in regulatory terms (for example by moving from prohibitionist to licensing regimes for criminalized goods and services), or in physical terms (for example through improved urban design, as has been effective in Medellín in recent years).

Fifth, states might invest in improvements in the *metric systems* used to measure the risks posed by organized crime, and the impacts of different interventions on those risks. To date, because we have lacked a clear framework for analysing the strategic risks posed by organized crime, many efforts to develop such metric systems have substituted measurements of violence or criminal market activity for measurement of strategic risk. Similarly, they have substituted measurement of interventions' outputs (numbers of police trained, number of criminals arrested) for measurement of outcomes (reduced risk). The shortcomings

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[1448] See Steven Dudley, 'El Salvador's Gang Truce: Positives and Negatives', *InSight Crime*, 11 June 2013.
[1449] David Gagne, 'El Salvador Gangs Outline Political Motives of Violence', *InSight Crime*, 2 March 2015.
[1450] Helen Moestue and Robert Muggah, *Social Integration, ergo, Stabilization: Assessing Viva Rio's Security and Development Programme in Port-Au-Prince* (Rio de Janeiro: CIDA Canada, MFA START Canada, MFA NCA Norway, 2009).
[1451] Robert Muggah, 'Stabilization and Humanitarian Action in Haiti', in Benjamin Perrin, ed., *Modern Warfare: Armed Groups, Private Militaries, Humanitarian Organizations, and the Law* (Vancouver: UBC, 2011), p. 337.
[1452] See Achim Wennmann, 'Negotiated Exits from Organized Crime? Building Peace in Conflict and Crime-affected Contexts', *Negotiation Journal*, vol. 30, no. 3 (July 2014), pp. 255-273.

of such approaches is increasingly recognized by some donors, such as USAID and the UK Home Office, both of whom are investing in efforts to measure the impacts of counter-organized crime interventions. But because these efforts lack a clear framework explaining how and when criminal activity will pose different types of risks to different actors (such as states, civilians, or legitimate business), many of these efforts seem driven more by ideology or hope than evidence. The framework offered in this dissertation may offer new ways to measure the risks posed by organized crime, and the effectiveness of interventions designed to combat it. This becomes particularly clear when we consider how we can better manage the impacts of criminal strategy on efforts to resolve conflict, build peace, and manage constitutional transitions.

Managing criminal spoilers in peace and transition processes

Many of the episodes studied in this dissertation lend support to the hypothesis that armed conflict is criminogenic: it facilitates the organization of crime. War often creates a gap in the market for government, by weakening the governmental capabilities of the state and loosening the ties of state governmentality that bind citizens to the state. At the same time, war lowers the costs of developing the strategic capabilities – coercion, corruption, communications, and command and control – needed to provide alternative government. In Italy and the Sahel, wars made the means of coercion more readily available (on the battlefields of Sicily, and in the outflows of arms from Libyan arsenals to northern Mali). It trained young men in violence, and lowered the cognitive barriers to the use of violence to resolve disputes. It lowered the price of corruption and forced populations into black markets as a survival and coping strategy. And wars also tend to harden in-group/out-group identity, allowing violent entrepreneurs and organized criminals to cloak themselves in the mantle of community protection – as mafia-backed separatists did in Sicily, and trafficker-backed separatists have in northern Mali. This pattern has also played out in Bosnia and Iraq.[1453]

War also seems, however, to weaken commitment to political solutions to conflict, even amongst organizations with strong political or ideological identities.

[1453] See Peter Andreas, *Blue Helmets and Black Markets. The Business of Survival in the Siege of Sarajevo* (Ithaca, NY: Cornell University Press, 2008); and Williams, 'Criminals, Militias, and Insurgents'.

As we saw in Chapter 2, political insurgencies have a tendency to devolve into criminal organizations over time, as financial incentives displace political goals.[1454] This pattern may now be playing out in Afghanistan as, according to a UN investigation published in February 2015, some elements of the Taliban leadership are 'increasingly acting more like "godfathers" than a "government in waiting"'.[1455] Taliban war-time involvement with illicit mining, the hostage market and opium trafficking has rewarded factions pursuing a criminal strategy, at the expense of those with more ideological goals.[1456]

For these reasons, organized crime is often cited as a major potential 'spoiler' of peace processes. The 'spoiler' concept was elaborated by Stephen Stedman to describe actors who use violence to oppose, undermine or manipulate peace processes and post-conflict transitions.[1457] In Part Two, we saw criminal groups doing just that: the Sicilian mafia stoked violence and ultimately separatist insurgency in an attempt turn the post-war transition to their own advantage (as, less successfully, did Salvatore Giuliano). We saw the American Mob both participating in armed conflict (during World War II) and seeking to instigate conflict (in Cuba and Haiti). But we also saw criminal groups actively avoiding conflict (the Mob in The Bahamas), or working to bring it to an end (the Sicilian mafia, once they had secured Sicilian autonomy). Some criminal actors also worked to end violent conflict between criminal groups: hence the creation of a peace-mediation commission during the Castellammarese War, and the Mob Commission's forestalling Schultz's attack on Dewey to avoid a war with the New York authorities. Organized criminal groups *may* be opponents of peace, but they may also welcome peace, if they think they can turn it to their advantage, as traffickers in northern Mali appear to have in 2006-2007 (see above).

[1454] See Williams, 'Insurgencies and Organized Crime', pp. 44-46, 58-60; Huntington, 'Civil violence', p. 15.
[1455] UN, 'Monitoring Team Report', para. 4.
[1456] Compare Svante E. Cornell, 'Narcotics and Armed Conflict: Interaction and Implications', *Studies in Conflict & Terrorism*, vol. 30 (2007), pp. 207-227.
[1457] Stephen J. Stedman, 'Spoiler problems in peace processes', *International Security*, vol. 22, no. 2 (Fall 1997), pp. 5-53. Compare Cockayne, *Strengthening mediation*; Mark Shaw and Walter Kemp, *Spotting the Spoilers: A Guide to Analyzing Organized Crime in Fragile States* (New York: International Peace Institute, 2012); Cataline Uribe Burcher, 'Organized crime, Colombia's peace spoiler?', *OpenSecurity*, 27 August 2014, at https://www.opendemocracy.net/opensecurity/catalina-uribe-burcher/organized-crime-colombia's-peace-spoiler, accessed 17 March 2015.

As with all spoiler management, what this points to is a need to understand the worldview, interests, capabilities – and strategy – of specific actors. How does actual or potential access to criminal rents affect that worldview and those interests, those capabilities and that strategy? Answering that question requires moving beyond an assumption that organized criminal actors will necessarily seek to oppose or exploit peace or transition processes; they might, under certain conditions equally see the process as working in their favour. This leads to two further questions, which both require analysis in specific cases: 1) Under what conditions will the group in question act as an ally to, not a spoiler of, the peace process?, and 2) What arrangements are needed to ensure that the short-term participation in peace processes of actors with criminal strategies does not lead to the longer-term undermining of that process or of democratic development?

This dissertation has not set out to answer those questions. But it does offer some glimpses into what appear to be potentially promising research avenues for those who would attempt to answer them. In particular, it suggests a need to look more closely at how armed actors perceive the illicit political economy around them and their ability to extract criminal rents, and governmental power, from it. Careful value chain analysis and mapping of the illicit political economy may provide insights into a range of risks associated with different criminal positioning strategies.

First, it may provide insights into the dynamics of violence *during* conflict, including risks of harm to civilians. This might be directly applicable both to conflict assessment, mediation planning, and protection of civilians. Each criminal positioning strategy seems likely to be associated with a different calculus. As explored in Chapter 9 (see Table 1), mafias seem likely to emerge where the value of criminal rents is predicted to outstrip the costs of corrupting available governmental capabilities. For warlords and gangs, the equation is different: they seem more likely to emerge where the value of criminal rents is perceived as outstripping the costs of keeping the state at bay, *and* developing the limited new governmental capabilities required to extract the rents. And joint ventures are more likely to emerge where the costs of integrating capabilities (including developing new capabilities to exploit criminal rents) are seen as lower than the resulting rents. In each case, this requires a careful analysis of both the rents available from the

local political economy, and the costs of corrupting, integrating or developing governmental capabilities.

In eastern DRC, for example, recent research found that whether an armed group chose to incur the costs associated with establishing autonomous rule over a village, or instead took on an intermediary brokering role (more like a mafia), depended on the village's position in gold and coltan value chains. It was, in other words, a function of how the armed group perceived the rents that could be extracted from each strategic approach, reflecting Mancur Olson's analysis that a bandit's approach to government depends on their expectations of the length of their tenure and the rents that can be extracted during it.[1458] This may have implications for being able to predict which locations are likely to be seen as valuable strategic assets for which criminal spoilers will violently complete. Risks of violence may be higher at bottlenecks in illicit transnational value-chains, or *plazas*, since they are always highly valuable assets. Indeed, Cockburn argues that military dynamics in the Syrian war are significantly shaped by just such competition for the choke-points in cross-border illicit flows.[1459] Similarly, in Afghanistan, there is evidence of increasingly violent competition between the Taliban, the Haqqani network and warlords for control of specific resource extraction sites that are likely to become increasingly important sites of economic and strategic power as western forces draw down.[1460]

Mapping illicit political economies in this way may also potentially offer insights into Protection of Civilians ('PoC') risks: other recent research suggests that the ability to extract rents from transnational flows, without local production, may increase the likelihood of attacks on civilians, because an armed group has less need of local social support.[1461] Predicting risks for civilians also requires, however, understanding how a specific group is likely to react to state (or international) confrontation: whether, as explored in Chapter 9, it will seek to form a defensive

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[1458] Raul Sanchez de la Sierra, 'On the Origin of States: Stationary Bandits and Taxation in Eastern Congo', working paper, 3 December 2014, at http://ssrn.com/abstract=2358701, accessed 14 March 2015. See Olson, 'Dictatorship, Democracy and Development'.
[1459] Cockburn, p. 78.
[1460] UN, 'Monitoring Team Report', paras. 23-30.
[1461] See Weinstein; and see Kyle Beardsley, Kristian Gleditsch and Nigel Lo, 'Roving and Stationary Bandits in African Armed Conflicts', conference paper, Annual Meeting of the International Studies Association, San Francisco, 2013.

strategic alliance, turn to terrorism, or seek to relocate. Recent work by Melissa Dell suggests that the risk of violence in Mexico goes up in areas adjacent to districts where criminal groups anticipate state confrontation, for example because a political party promising confrontation has just been elected to office.[1462] As the costs of corrupting government change, so does the risk:return calculus, encouraging drug cartels to withdraw from the district in question and relocate to their neighbours' turf, mounting a hostile takeover bid. But such cost structures cannot tell us everything: as the evidence in Part Two made clear, criminal actors' strategic choices are also determinative. So conflict assessments will need to provide not only criminal rent maps, but also actor-level analysis of outlooks, goals, and strategic approaches.

Second, mapping the illicit political economy (and conflict actors' approaches to it) may improve our ability to chart a viable path *out of conflict* to peace, and our ability to protect transitional processes against exploitation by greedy criminal spoilers. The question for mediators and others managing political and economic transitions is how to develop what Stedman calls a strategy of 'inducement' and de Waal calls the 'buy-in scenario'.[1463] A related danger, however, is that in 'inducing' groups with (hidden) criminal agendas into the peace process, we risk trading off short-term stability and peace for the longer-term subversion of the process or, even more disturbingly, subversion of democratic development. Instead of these armed groups' governmental capabilities being folded into the state system, actors with hidden criminal strategies can emerge as mafias clandestinely brokering between the state and criminal markets, as appears to have happened in Kosovo, Afghanistan[1464] and Myanmar.[1465] Political cliques may use their power over transitional processes to capture criminal rents and even grow them through the use of state policy, legislative, financing and regulatory institutions, as we saw in post-War Palermo.[1466] Encouragingly, the episodes studied here point to several

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[1462] Melissa Dell, 'Trafficking Networks and the Mexican Drug War', *American Economic Review*, forthcoming 2015, on file with the author.
[1463] De Waal, pp. 103, 106-108; Stedman.
[1464] Goodhand and Mansfield, 'Drugs and (Dis)Order', p. 26.
[1465] Zaw Oo and Win Min, 'Assessing Burma's Ceasefire Accords', *Policy Studies* No. 39 (Southeast Asia) (Washington D.C.: East-West Center, 2007), pp. 27-29.
[1466] Joel S. Hellman, 'Winners Take All: The Politics of Partial Reform in Postcommunist Transitions', *World Politics*, vol. 50, no. 2 (1998), pp. 203-234; Christine Cheng, 'Private and public interests: Informal actors, informal influence, and economic order after war', in Mats Berdal and

specific areas of risk in transition processes, offering starting points for developing practical approaches to reducing the risk of criminal spoiling.

The first is in mediation planning and the design of post-conflict political settlements. These are arguably better thought of as 'political-economy settlements', since, where the rules set by the state are contested (as is the case in the underworld, and during armed conflict), competitions over wealth and governmental power are frequently linked. Planning mediation and peace processes, and post-conflict political settlements, without conducting a careful mapping of illicit political economies is thus inherently foolhardy: it is like trying to settle an argument between two sides, without knowing the core interests of the parties, which they will not name. It cannot be a surprise, therefore, that many mediations, peace processes, and demobilization and disarmament processes get sidetracked by hidden criminal agendas.[1467] Improved mapping of illicit political economies will give mediators and other actors better insights into the stakes in play – and thus an improved chance of finding workable settlements.

One related point that emerges from the preceding analysis is that different factions within an armed group may require different inducement strategies, and have different buy-in costs. Mediators and peace operations may need to provide different conflict-exit pathways for different factions, for example with specialized DDR (disarmament, demobilization and reintegration) programming tailored to address the factions of armed groups with specialist organized crime capabilities. As has been evident in Northern Ireland, and may now be emerging amongst the Taliban, those insurgent factions responsible for smuggling, weapons procurement and financing may be even more reluctant than their fellow insurgents to lay down arms, and may pose a particular threat to transitional processes. Tailored combinations of confrontation and legitimate accommodation (for example through judicially-regulated amnesty or suspended prosecution arrangements), and specialized reintegration strategies, may be necessary to incent these groups to re-enter society and abandon not only conflict, but also organized crime. This has

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Dominik Zaum, eds., *Political economy of statebuilding: Power after peace* (Routledge: Abingdon/New York, 2013), pp. 62-78.

[1467] Cockayne, *Strengthening mediation*.

immediate relevance in, for example, the peace processes in Myanmar and Colombia.

A second specific area where we might strengthen our ability to manage criminal spoilers is in the conduct of post-conflict and transitional elections. Elections serve to restore the political legitimacy of the post-crisis state. But a rush to elections risks pushing politicians into the arms of actors with hidden criminal strategies, since they are often flush with cash and may also offer the organizational capabilities (including street coercion) needed for effective political campaigning. In turn, elections offer those groups a chance to leverage their capabilities to entrench themselves as post-transition mafias.[1468]

So much was already clear in Sicily. Six weeks after the Allies landed, the Foreign Office sent Lord Rennell a questionnaire about the strategic outlook in southern Italy. One of the questions asked explicitly whether locals had the capacity 'to put democracy into practice'. Rennell replied, cannily, 'beware of Mafia'.[1469] But the Allied Military Government (AMG) did nothing to act on this insight. Today's post-conflict electoral assistance programming should not make the same mistakes, but instead ensure that appropriate campaign finance transparency, lustration and vetting mechanisms are in place to protect against elections being used to launder illicit economic power into ongoing political influence.

The mistakes of Sicily point to another specific area where an improved understanding of criminal strategy might strengthen transitional processes. The AMG oversaw a devolution of power to the local level that helped the mafia back into power. Something similar occurred in northern Mali in 2006-2007. As we saw earlier, there is empirical evidence suggesting that the credible threat of oversight for corruption can deter systematic corruption. Yet the current 'governance' orthodoxy in post-conflict transitions is to localize governance, without localizing anti-corruption efforts. We should not be surprised if the results are similar to Sicily. But equally, the findings on corruption suggest a cost-effective solution: combining randomized anti-corruption oversight measures with allocation of resources to those

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[1468] See Fischer et al.; Antonio Giustozzi and Dominique Orsini, 'Centre-periphery relations in Afghanistan: Badakshan between patrimonialism and institution-building', *Central Asian Survey*, vol. 28, no. 1, March 2009, p. 15.
[1469] Rennell to Foreign Office, 'Questions Asked by Foreign Office', 8 September 1943, BNA, FO 371/37326.

areas that an illicit political economy mapping suggests are most likely to be targeted for corruption.

A fourth area that might benefit from improved illicit political economy mapping is law enforcement and accountability. Conducting law enforcement interventions without first mapping actors' criminal strategies and the illicit political economy risks playing into those actors' hands. Law enforcement efforts risk attacking groups that some local actors may see as legitimate sources of governmental services, fostering hostility to the state, as the UN has learned in Haiti and Kosovo. Rushed efforts to build local law enforcement risk unwittingly strengthening local criminal actors by passing materiel or skills on to them, by knocking out their rivals, or, worse, generating a violent chain reaction of criminal rivals seeking to exploit each other's vulnerability.[1470] And ill-timed interventions may even drive actors willing to cooperate with the state back into the arms of opposing forces, as appears to have happened in Afghanistan.[1471]

Fifth, and closely related, improved analysis of illicit political economies should strengthen the effectiveness of targeted financial and travel sanctions. Well-targeted sanctions can raise the costs and risks of crime. But they can also create a rally-around the flag effect: there is some evidence that sanctions have actually encouraged targets to draw closer to criminal networks, including in Bosnia, Iraq and Afghanistan.[1472] Improved understanding of illicit political economies might provide greater insight into where leverage exists within these relationships, and how to ensure that targeted sanctions are achieving their deterrent and disruptive aims.

Yet coercive responses – such as law enforcement and sanctions – ultimately serve to exclude potential spoilers from the transitional process, rather than transforming them into allies. The problem, as Ivan Briscoe trenchantly notes regarding sanctions targeted at Mali and Iraq, is that 'selectively fighting crime merely so as to starve the armed radicals in the desert will do nothing to undermine

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[1470] See Dell.
[1471] UN, 'Monitoring Team Report', para. 10.
[1472] Andreas, *Blue Helmets*; Williams, 'Criminals, Militias and Insurgents'; UN, 'Monitoring Team Report', para. 42.

the systemic base that allows illicit activity to reproduce'.[1473] To address the opportunity structures that criminal strategies exploit, mediators and those managing transitional processes may need to turn to other sources of leverage to induce participation, such as the 'focused deterrence' and epidemiological approaches discussed in the previous section.

Finally, even if criminal spoilers are effectively managed in the short term, there is a real danger that this is achieved only by international actors inserting themselves in the place of the local state, as the guarantor of the local political settlement. There is a real danger of engendering dependence, lest the departure of the UN or international 'strongman' generates, as Batista's departure from Cuba did, an explosion of criminal violence as rival factions seek to destroy each other and gain power. De Waal sees this as a recurring outcome in Africa, explaining that large external military interventions 'become the monopsonistic purchaser of loyalty and the Leviathan that enforces' internationally-negotiated peace agreements.[1474] Kilcullen makes a similar point with respect the NATO presence in Afghanistan.[1475] This raises difficult questions about how actors such as the UN can broker peace accords in such situations without creating an open-ended commitment to stay. Those questions require careful further reflection and study – not least, because in this tendency to become an informal political magnet standing behind, and potentially retarding, the development of effective state capabilities, international interventions risk producing structural outcomes that seem similar to those produced by strategic criminal groups. Only with a deeper understanding of how the market for government operates in a particular society can the international community hope to develop sound intervention strategies.

Envoi: dealing with statehood's brand problem

The idea that states can protect peace processes from criminal spoilers – and perhaps even defeat organized crime by attacking criminal governmentality – rests on an assumption that consumers of government can tell the two products –

[1473] Ivan Briscoe, 'The New Criminal Blitz: Mali, Iraq and the Business of Asymmetry', *ISN*, 10 July 2014.
[1474] De Waal, p. 108.
[1475] Kilcullen, p. 14.

statehood and organized crime – apart. Perhaps the most troubling insight from this study is that this may be becoming more difficult. If a former Director of the CIA like Jim Woolsey cannot tell a state official from a crook, why should the average consumer of governmentality – the average citizen – be able to do so?

The problem is not just that organized crime groups have started to act like states. It is also that some states have started to act like organized crime. As we saw in Chapter 8, there is a similarity in methods between state subversion and criminal organizations' covert actions. And as we saw in Cuba in Chapter 7 and The Bahamas in Chapter 8, as early as the 1950s and 1960s there were signs of convergence between some states' economic strategies – harvesting rents from private transnational capital flows through wholesale deregulation of trade and especially financial markets – and the strategic logic of organized crime. If anything, this strategic convergence has arguably grown further since then, as the Washington Consensus has promoted a reduction of social service provision by the state and the liberalization of trade and financial markets.[1476] The result has been a dis-embedding of market regimes from social community, and a winding back of the role of the state in providing public services.[1477] And this, in turn, signals a growing unmet demand for government, creating space for alternative providers.

The bottom-up growth of organized crime may be into this space; but it is also matched by other governmental actors moving up and out from the state level, into an elite, private global arena in which capital and power circulate hidden in plain sight, and free of the demands of accountable government. The Mob's innovations in Havana and The Bahamas helped to connect the underworld, and their corrupt political partners, to a globalized financial system deliberately disconnected from the real economy, liberated from the shackles of income and corporations tax and the chains of the social contract.

At the same time, 'state capitalism' has emerged as a combination of statecraft with corporate strategy, with global markets treated as a site for extending

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[1476] See Nikos Passas, 'Global Anomie, Dysnomie, and Economic Crime: Hidden Consequences of Neoliberalism and Globalization in Russia and Around the World', *Social Justice*, vol. 27, no. 2 (2000), pp. 16-44.
[1477] On the disembedding of the economy from society see Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944), p. 71.

the state's geopolitical interests.[1478] State capitalism can serve powerful public purposes, for example by finding productive investment opportunities for public savings; but it can also mask criminal joint venture, with elites instrumentalizing sovereignty to maximize private wealth creation. Casino resorts, such as in Cyprus and Macao, remain an important gateway between the two systems – state capitalism and disembedded global finance – with corrupt state capitalists first siphoning off national wealth and then moving it through casino-based money laundries into private off-shore bank accounts.[1479] Grand corruption at the state level, and organized crime, begin to become hard to tell apart.

The resulting appearance of convergence between organized crime and statecraft has deeply damaged some consumers' faith in statehood as an effective model of government. Those doubts have been amplified by globalized financial shocks that have revealed individual and corporate players in this global elite as 'too big to fail' and 'too big to gaol', highlighting states' relative impotence to govern them, and the externalization of the costs of government onto the '99 per cent'.[1480] In the developing world, populations watch as unprecedented economic growth leads not to prudent preparation for the transformations that climate change, urbanization and youth bulges will bring, but instead to growing inequality. And the geopolitical backdrop is important, too, to global public perceptions: one decade after calling for a rules-based 'New World Order', the global superpower flouts the global rules to invade Iraq without the support of the UN Security Council. Its allies around the world, many notional proponents of the global rule of law, quietly aid and abet its construction of a global gulag archipelago of terrorist interrogation black-sites.

All of this feeds a growing popular perception that responsible statehood is a façade and that those who follow the rules do not get ahead.[1481] The perception of a Russian businessman in the 1990s risks becoming globalized:

> The truth is, everything you see around you, all our success, is not thanks to our wonderful economic laws. It's thanks to the fact that we do not obey them.[1482]

[1478] See Bremmer, *End of the Free Market*.
[1479] See e.g. Steven Lee Myers, Jo Becker and Jim Yardley, 'Private Bank Fuels Fortunes of Putin's Inner Circle', *N.Y. Times*, 27 September 2014.
[1480] Oxfam, *Wealth: Having it All and Wanting* More, Issue Briefing, London, January 2015.
[1481] I am indebted to Nils Gilman for this point.

Globalized social media promotes a culture of affluence that seems increasingly out of reach, if you play by the rules.[1483] Organized crime offers a powerful alternative, and a way to fulfil dreams of consumption promoted by globalization, but unmet by states.[1484] The result is what President Yeltsin described (at the beginning of Chapter 1) as becoming a 'mafiya power', and what the Touareg leader described as succumbing to 'mafia culture'. Customer loyalty to statehood as the preferred model of government is waning.

For states to defeat criminal governmentality, therefore, they must not only change perceptions of organized crime, but also arrest the slide in the perception of statehood – and consumers' growing inability to tell the two apart. They must address statehood's brand problem. The system of global governance built for the inter-state era must be turned towards re-embedding the globalized economy – and the globalized market for government – in a socially responsible framework.[1485]

This means strengthening the notion of 'sovereignty as responsibility',[1486] and moving away from the 'negative sovereignty' model towards a conditionalization of sovereignty through specification of positive norms of expected state conduct.[1487] It means being more forthright in using the Security Council and the Human Rights Council to name and shame those states complicit in organized crime, and to unmask joint ventures. The willingness of the Security Council in December 2014 to take up the question of the human rights situation in North Korea, intimately bound up with slavery, forced labor, trafficking and other organized criminal activities, is a positive sign, and builds on other positive steps such as the international prosecution of Charles Taylor for the crimes associated with the joint venture he oversaw in Liberia. The Security Council has also found innovative means, in recent years, to mandate corporate due diligence to remove conflict minerals from specific supply chains.

[1482] Handelmann, *Comrade Criminal*, p. 139.
[1483] Passas, 'Global Anomie'; Williams, 'Lawlessness', pp. 32-33.
[1484] Passas, 'Global Anomie', pp. 26-27.
[1485] See generally John Gerard Ruggie, 'Taking Embedded Liberalism Global: The Corporate Connection', in John G. Ruggie, ed., *Embedding Global Markets: An Enduring Challenge* (Burlington VT: Ashgate, 2008), pp. 231-254.
[1486] See Francis M. Deng et al, eds., *Sovereignty as Responsibility: Conflict Management in Africa* (Washington D.C.: The Brookings Institution, 1996).
[1487] Robert H. Jackson, 'Negative Sovereignty in Sub-Saharan Africa', *Review of International Studies,* vol. 12, no. 4 (1986), pp. 247-264.

The United Nations is, however, more a trade association for states than an independent market regulator. Like other trade associations, its ability to act as a referee is limited by its membership, especially their control of its finances and enforcement capabilities – and their willingness to hold each other to account. Ultimately, if states wish to promote responsible statehood as the preferred model of government it is up to them to hold each other accountable for their performance, and to promote statehood as a more effective, credible and rewarding system of government than the others now in the market. If states – and society more broadly – do not hold each other responsible, the attractiveness of other forms of governmentality will continue to grow. And with it, the hidden power of organized crime.

Abbreviations

AFHQ	Allied Forces Headquarters
AMG or AMGOT	Allied Military Government of the Occupied Territories (Italy)
AQIM	Al Qaeda in the Islamic Maghreb
BANDES	*Banco de Desarrollo Económico y Social*, Cuba.
Church Committee	U.S. Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, 94th Congress, 1975-1976
CFRB	*Comando Forze Repressione Banditismo*, Command Force for the Repression of Banditry
CIA	U.S. Central Intelligence Agency
Daesh	*al-Dawla al-Islamiya al-Iraq al-Sham*, a.k.a. the Islamic State of Iraq and the Levant (ISIL), or Islamic State of Iraq and al-Sham (ISIS)
DC	*Democrazia Cristiana*, Christian Democrats, Italian political party.
DCI	US Director of Central Intelligence
DEA	US federal Drug Enforcement Administration
EVIS	*Esercito Volontario per l'Indipendenza della Sicilia*, Voluntary Army for the Independence of Sicily
FNLA	*Front National pour la Libération de l'Azawad* (Mali)
FRD	*Frente Revolucionario Democrático*, Democratic Revolutionary Front, Cuban counter-revolutionary organization.
FRUS	*Foreign Relations of the United States*. See under U.S. Department of State in 'Published official documents and government memoranda', in the Bibliography (below).
G-3	Experimental Detachment G-3, cover name for Office of Strategic Services
GIA	*Groupe Islamique Armé* (GIA) (Algeria)
GSPC	*Groupe Salafiste pour la Prédication et le Combat* (the Maghreb and the Sahel)

ISIS	*See 'Daesh'*.
JICA	US Joint Intelligence Collecting Agency
Kefauver Committee	U.S. Senate Special Committee to Investigate Organized Crime in Interstate Commerce, 81st Congress, 1950-1951
McClellan Committee	U.S. Senate Select Committee on Improper Activities in Labor and Management, 85th and 86th Congress, 1957-1960.
MIS	*Movimento per l'Indipendenza della Sicilia*, Movement for the Independence of Sicily
MNLA	*Mouvement National de Libération de l'Azawad* (Mali)
MAA	*Mouvement Arab de l'Azawad* (Mali)
MUJAO	*Mouvement pour l'Unicité et le Jihad en Afrique de l'Ouest* (MUJAO) (West Africa and the Sahel)
ONI	US Office of Naval Intelligence
OSS	Office of Strategic Services
PLP	Progressive Liberal Party, The Bahamas
PRG	Provisional Revolutionary Government, Cuba, 1933-1934.
PRI	*Partido Revolucionario Institucional*, Mexico
UBP	United Bahamian Party

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JFKARC — *See* NARA, below.

NARA — US National Archives and Records Administration, College Park, MD. Listed by Record Group (RG), then entry:box:folder number – e.g. RG 226, 142:2:14.

- JFKARC — John F. Kennedy Assassination Records Collection. Includes the 'HSCA' – House Select Committee on Assassinations – Record Group, named by subject file unless noted as 'Numbered Files'. In some cases Record Identification Form numbers are also used.
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RG 59 Department of State, Central Files

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DEA BNDD = Subject Files of the Drug Enforcement Administration, Subject Files of the Bureau of Narcotics and Dangerous Drugs, 1916-1970

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NYMA New York Municipal Archives

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